

**HOUSE BILL No. 2635**

By Committee on K-12 Education Budget

2-6

1 AN ACT concerning education; relating to the instruction and financing  
2 thereof; relating to the Kansas school equity and enhancement act;  
3 relating to the tax credit for low income students program act;  
4 amending K.S.A. 2017 Supp. 72-4352, 72-4354, 72-4357, 72-5131, 72-  
5 5132, 72-5133, 72-5143, 72-5144, 72-5145, 72-5148, 72-5149, 72-  
6 5150, 72-5151, 72-5153, 72-5155, 72-5171, 72-53,113, 72-53,116, 72-  
7 5461, 72-5462 and 79-32,117 and repealing the existing sections; also  
8 repealing K.S.A. 2016 Supp. 72-99a02, as amended by section 96 of  
9 chapter 95 of the 2017 Session Laws of Kansas and K.S.A. 2017 Supp.  
10 72-1171, 72-5172, 72-5176, 72-6463, 72-6464, 72-6465, 72-6466, 72-  
11 6467, 72-6468, 72-6469, 72-6470, 72-6471, 72-6472, 72-6473, 72-  
12 6474, 72-6475, 72-6477, 72-6478, 72-6479, 72-6480, 72-6481 and 79-  
13 32,117o.

14

15 *Be it enacted by the Legislature of the State of Kansas:*

16

17 Section 1. K.S.A. 2017 Supp. 72-4352 is hereby amended to read as  
18 follows: 72-4352. As used in the tax credit for low income students  
19 scholarship program act:

20

(a) "Contributions" means monetary gifts or donations and in-kind  
21 contributions, gifts or donations that have an established market value.

22

(b) "Department" means the Kansas department of revenue.

23

(c) "Educational scholarship" means an amount not to exceed \$8,000  
24 per school year provided to an eligible student, or to a qualified school  
25 with respect to an eligible student, to cover all or a portion of the costs of  
26 education including tuition, fees and expenses of a qualified school and, if  
27 applicable, the costs of transportation to a qualified school if provided by  
28 such qualified school.

29

(d) "Eligible student" means a child who:

30

(1) ~~(A) Qualifies as an at-risk pupil as defined in K.S.A. 72-6407,~~  
31 ~~prior to its repeal; Is an at-risk student, as defined in K.S.A. 2017 Supp.~~

32

72-5132, and amendments thereto, and who is attending a public school;  
33 or (B) has been eligible to receive an educational scholarship under this  
34 program and has not graduated from high school or reached 21 years of  
35 age;

36

(2) resides in Kansas while eligible for an educational scholarship;  
and

1 (3) (A) was enrolled in any public school in the previous school year  
2 in which an educational scholarship is first sought for the child; or (B) is  
3 eligible to be enrolled in any public school in the school year in which an  
4 educational scholarship is first sought for the child and the child is under  
5 the age of six years.

6 (e) "Parent" includes a guardian, custodian or other person with  
7 authority to act on behalf of the child.

8 (f) "Program" means the tax credit for low income students  
9 scholarship program established in K.S.A. 2017 Supp. 72-4351 through  
10 72-4357, and amendments thereto.

11 (g) "Public school" means a school that ~~would qualify as either a title~~  
12 ~~I focus school or a title I priority school as described by the state board~~  
13 ~~under the elementary and secondary education act flexibility waiver as~~  
14 ~~amended in January 2013, and is operated by a school district, and~~  
15 ~~identified by the state board as one of the lowest 100 performing schools~~  
16 ~~with respect to student achievement among all schools operated by school~~  
17 ~~districts for the current school year.~~

18 (h) "Qualified school" means ~~any nonpublic school that provides~~  
19 ~~education to elementary or secondary students, has notified the state board~~  
20 ~~of its intention to participate in the program and complies with the~~  
21 ~~requirements of the program:~~

22 (1) *A nonpublic school that does not offer any of the grades nine*  
23 *through 12, and is accredited by the state board;*

24 (2) *a nonpublic school that offers any of the grades nine through 12,*  
25 *and:*

26 (A) *Whose postsecondary effective rate exceeds the trend line for*  
27 *such rate among all school districts and accredited nonpublic schools as*  
28 *determined by the state board; or*

29 (B) *whose composite ACT score exceeds the statewide average*  
30 *composite ACT score for all school districts and accredited nonpublic*  
31 *schools; or*

32 (3) *a nonpublic school that was a participating qualified school prior*  
33 *to July 1, 2018, or that has been a qualified school participating in the*  
34 *program in any preceding school year. Each qualified school shall provide*  
35 *education to elementary or secondary students, notify the state board of its*  
36 *intention to participate in the program and comply with the requirements*  
37 *of the program.*

38 (i) "Scholarship granting organization" means an organization that  
39 complies with the requirements of this program and provides educational  
40 scholarships to eligible students or to qualified schools in which parents  
41 have enrolled eligible students.

42 (j) "School district" or "district" means any unified school district  
43 organized and operating under the laws of this state.

1 (k) "School year" shall have the meaning ascribed thereto in K.S.A.  
2 2017 Supp. 72-5132, and amendments thereto.

3 (l) "Secretary" means the secretary of revenue.

4 (m) "State board" means the state board of education.

5 Sec. 2. K.S.A. 2017 Supp. 72-4354 is hereby amended to read as  
6 follows: 72-4354. (a) To be eligible to participate in the program, a  
7 scholarship granting organization shall comply with the following:

8 (1) The scholarship granting organization shall notify the secretary  
9 and the state board of the scholarship granting organization's intent to  
10 provide educational scholarships;

11 (2) upon granting an educational scholarship, the scholarship granting  
12 organization shall report such information to the state board;

13 (3) the scholarship granting organization shall provide verification to  
14 the secretary that the scholarship granting organization is exempt from  
15 federal income taxation pursuant to section 501(c)(3) of the federal  
16 internal revenue code of 1986;

17 (4) upon receipt of contributions in an aggregate amount or value in  
18 excess of \$50,000 during a school year, a scholarship granting  
19 organization shall file with the state board either:

20 (A) A surety bond payable to the state in an amount equal to the  
21 aggregate amount of contributions expected to be received during the  
22 school year; or

23 (B) financial information demonstrating the scholarship granting  
24 organization's ability to pay an aggregate amount equal to the amount of  
25 the contributions expected to be received during the school year, which  
26 must be reviewed and approved of in writing by the state board;

27 (5) scholarship granting organizations that provide other nonprofit  
28 services in addition to providing educational scholarships shall not  
29 commingle contributions made under the program with other contributions  
30 made to such organization. A scholarship granting organization under this  
31 subsection shall also file with the state board, prior to the commencement  
32 of each school year, either:

33 (A) A surety bond payable to the state in an amount equal to the  
34 aggregate amount of contributions expected to be received during the  
35 school year; or

36 (B) financial information demonstrating the nonprofit organization's  
37 ability to pay an aggregate amount equal to the amount of the  
38 contributions expected to be received during the school year, which must  
39 be reviewed and approved of in writing by the state board;

40 (6) each qualified school receiving educational scholarships from the  
41 scholarship granting organization shall annually certify to the scholarship  
42 granting organization its compliance with the requirements of the program;

43 (7) at the end of the calendar year, the scholarship granting

1 organization shall have its accounts examined and audited by a certified  
2 public accountant. Such audit shall include, but not be limited to,  
3 information verifying that the educational scholarships awarded by the  
4 scholarship granting organization were distributed to qualified schools  
5 with respect to eligible students determined by the state board under  
6 K.S.A. 2017 Supp. 72-4353(c), and amendments thereto, and information  
7 specified in this section. Prior to filing a copy of the audit with the state  
8 board, such audit shall be duly verified and certified by a certified public  
9 accountant; and

10 (8) if a scholarship granting organization decides to limit the number  
11 or type of qualified schools who will receive educational scholarships, the  
12 scholarship granting organization shall provide, in writing, the name or  
13 names of those qualified schools to any contributor and the state board.

14 *(b) A scholarship granting organization shall award at least 50% of*  
15 *all education scholarships in a school year to eligible students who are*  
16 *certified by the department for children and families as a member of a*  
17 *family whose household income does not exceed 130% of the federal*  
18 *poverty level established under the most recent poverty income guidelines*  
19 *published in the calendar year by the United States department of health*  
20 *and human services.*

21 ~~(b)~~ (c) No scholarship granting organization shall provide an  
22 educational scholarship with respect to any eligible student to attend any  
23 qualified school with paid staff or paid board members, or relatives  
24 thereof, in common with the scholarship granting organization.

25 ~~(e)~~ (d) The scholarship granting organization shall disburse not less  
26 than 90% of contributions received pursuant to the program in the form of  
27 educational scholarships within 36 months of receipt of such contributions.  
28 If such contributions have not been disbursed within the applicable 36-  
29 month time period, then the scholarship granting organization shall not  
30 accept new contributions until 90% of the received contributions have  
31 been disbursed in the form of educational scholarships. Any income earned  
32 from contributions must be disbursed in the form of educational  
33 scholarships.

34 ~~(d)~~ (e) A scholarship granting organization may continue to provide  
35 an educational scholarship with respect to a student who was an eligible  
36 student in the year immediately preceding the current school year.

37 ~~(e)~~ (f) A scholarship granting organization shall direct payments of  
38 educational scholarships to the qualified school attended by the eligible  
39 student or in which the eligible student is enrolled. Payment may be made  
40 by check made payable to both the parent and the qualified school or to  
41 only the qualified school. If an eligible student transfers to a new qualified  
42 school during a school year, the scholarship granting organization shall  
43 direct payment in a prorated amount to the original qualified school and

1 the new qualified school based on the eligible student's attendance. If the  
2 eligible student transfers to a public school and enrolls in such public  
3 school after September 20 of the current school year, the scholarship  
4 granting organization shall direct payment in a prorated amount to the  
5 original qualified school and the public school based on the eligible  
6 student's attendance. The prorated amount to the public school shall be  
7 considered a donation and shall be paid to the school district of such public  
8 school in accordance with K.S.A. 2017 Supp. 72-1142, and amendments  
9 thereto.

10 ~~(f)~~ (g) By June 1 of each year, a scholarship granting organization  
11 shall submit a report to the state board for the educational scholarships  
12 provided in the immediately preceding 12 months. Such report shall be in  
13 a form and manner as prescribed by the state board, approved and signed  
14 by a certified public accountant, and shall contain the following  
15 information:

- 16 (1) The name and address of the scholarship granting organization;
- 17 (2) the name and address of each eligible student with respect to  
18 whom an educational scholarship was awarded by the scholarship granting  
19 organization;
- 20 (3) the total number and total dollar amount of contributions received  
21 during the 12-month reporting period; and
- 22 (4) the total number and total dollar amount of educational  
23 scholarships awarded during the 12-month reporting period and the total  
24 number and total dollar amount of educational scholarships awarded  
25 during the 12-month reporting period with respect to eligible students who  
26 qualified under K.S.A. 2017 Supp. 72-4352(d), and amendments thereto.

27 ~~(g)~~ (h) No scholarship granting organization shall:

- 28 (1) Provide an educational scholarship with respect to an eligible  
29 student that is established by funding from any contributions made by any  
30 relative of such eligible student; or
- 31 (2) accept a contribution from any source with the express or implied  
32 condition that such contribution be directed toward an educational  
33 scholarship for a particular eligible student.

34 Sec. 3. K.S.A. 2017 Supp. 72-4357 is hereby amended to read as  
35 follows: 72-4357. (a)~~-(f)~~ There shall be allowed a credit against the  
36 corporate income tax liability imposed upon a taxpayer pursuant to the  
37 Kansas income tax act, the privilege tax liability imposed upon a taxpayer  
38 pursuant to the privilege tax imposed upon any national banking  
39 association, state bank, trust company or savings and loan association  
40 pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and  
41 amendments thereto, and the premium tax liability imposed upon a  
42 taxpayer pursuant to the premiums tax and privilege fees imposed upon an  
43 insurance company pursuant to K.S.A. 40-252, and amendments thereto,

1 for tax years commencing after December 31, 2014, ~~and ending before~~  
2 ~~January 1, 2017~~, an amount equal to 70% of the amount contributed to a  
3 scholarship granting organization authorized pursuant to K.S.A. 2017  
4 Supp. 72-4351 et seq., and amendments thereto.

5 (2) There shall be allowed a credit against the tax liability imposed  
6 upon a taxpayer pursuant to the Kansas income tax act, the privilege tax  
7 liability imposed upon a taxpayer pursuant to the privilege tax imposed  
8 upon any national banking association, state bank, trust company or  
9 savings and loan association pursuant to article 11 of chapter 79 of the  
10 Kansas Statutes Annotated, and amendments thereto, and the premium tax  
11 liability imposed upon a taxpayer pursuant to the premiums tax and  
12 privilege fees imposed upon an insurance company pursuant to K.S.A. 40-  
13 252, and amendments thereto, for tax years commencing after December  
14 31, 2016, *and ending before January 1, 2018*, an amount equal to 70% of  
15 the amount contributed to a scholarship granting organization authorized  
16 pursuant to K.S.A. 2017 Supp. 72-4351 et seq., and amendments thereto.  
17 In no event shall the total amount of contributions for any taxpayer  
18 allowed under this subsection exceed \$500,000 for any tax year.

19 (b) The credit shall be claimed and deducted from the taxpayer's tax  
20 liability during the tax year in which the contribution was made to any  
21 such scholarship granting organization.

22 (c) For each tax year, in no event shall the total amount of credits  
23 allowed under this section exceed \$10,000,000 for any one tax year.  
24 Except as otherwise provided, the allocation of such tax credits for each  
25 scholarship granting organization shall be determined by the scholarship  
26 granting organization in consultation with the secretary, and such  
27 determination shall be completed prior to the issuance of any tax credits  
28 pursuant to this section.

29 (d) If the amount of any such tax credit claimed by a taxpayer  
30 exceeds the taxpayer's income, privilege or premium tax liability, such  
31 excess amount may be carried over for deduction from the taxpayer's  
32 income, privilege or premium tax liability in the next succeeding year or  
33 years until the total amount of the credit has been deducted from tax  
34 liability.

35 (e) The secretary shall adopt rules and regulations regarding filing of  
36 documents that support the amount of credit claimed pursuant to this  
37 section.

38 Sec. 4. K.S.A. 2017 Supp. 72-5131 is hereby amended to read as  
39 follows: 72-5131. K.S.A. 2017 Supp. 72-5131 through ~~72-5176~~ 72-5175,  
40 and amendments thereto, shall be known and may be cited as the Kansas  
41 school equity and enhancement act.

42 Sec. 5. K.S.A. 2017 Supp. 72-5132 is hereby amended to read as  
43 follows: 72-5132. As used in the Kansas school equity and enhancement

1 act, K.S.A. 2017 Supp. 72-5131 et seq., and amendments thereto:

2 (a) "Adjusted enrollment" means the enrollment of a school district  
3 adjusted by adding the following weightings, if any, to the enrollment of a  
4 school district: At-risk student weighting; bilingual weighting; career  
5 technical education weighting; ~~declining enrollment weighting;~~ high-  
6 density at-risk student weighting; ~~high enrollment weighting;~~ ~~low~~  
7 ~~enrollment weighting;~~ school facilities weighting; ancillary school  
8 facilities weighting; cost-of-living weighting; special education and related  
9 services weighting; and transportation weighting.

10 (b) "Ancillary school facilities weighting" means an addend  
11 component assigned to the enrollment of school districts pursuant to  
12 K.S.A. 2017 Supp. 72-5158, and amendments thereto, on the basis of costs  
13 attributable to commencing operation of one or more new school facilities  
14 by such school districts.

15 (c) (1) "At-risk student" means a student who is eligible for free  
16 meals under the national school lunch act, and who is enrolled in a school  
17 district that maintains an approved at-risk student assistance program.

18 (2) The term "at-risk student" shall not include any student enrolled  
19 in any of the grades one through 12 who is in attendance less than full  
20 time, or any student who is over 19 years of age. The provisions of this  
21 paragraph shall not apply to any student who has an individualized  
22 education program.

23 (d) "At-risk student weighting" means an addend component assigned  
24 to the enrollment of school districts pursuant to K.S.A. 2017 Supp. 72-  
25 5151(a), and amendments thereto, on the basis of costs attributable to the  
26 maintenance of at-risk educational programs by such school districts.

27 (e) "Base aid for student excellence" or "BASE aid" means an amount  
28 appropriated by the legislature in a fiscal year for the designated year. The  
29 amount of BASE aid shall be as follows:

30 (1) For school year ~~2017-2018, \$4,006~~ 2018-2019, \$4,425;

31 (2) for school year ~~2018-2019, \$4,128~~ 2019-2020, \$4,781;

32 (3) for school year 2020-2021, \$5,135; and

33 ~~(3)~~ (4) for school year ~~2019-2020~~ 2021-2022, and each school year  
34 thereafter, the BASE aid shall be the BASE aid amount for the  
35 immediately preceding school year plus an amount equal to the average  
36 percentage increase in the consumer price index for all urban consumers in  
37 the midwest region as published by the bureau of labor statistics of the  
38 United States department of labor during the ~~three immediately preceding~~  
39 ~~school years~~ *second preceding school year*.

40 (f) "Bilingual weighting" means an addend component assigned to  
41 the enrollment of school districts pursuant to K.S.A. 2017 Supp. 72-5150,  
42 and amendments thereto, on the basis of costs attributable to the  
43 maintenance of bilingual educational programs by such school districts.

- 1 (g) "Board" means the board of education of a school district.
- 2 (h) "Budget per student" means the general fund budget of a school  
3 district divided by the enrollment of the school district.
- 4 (i) "Categorical fund" means and includes the following funds of a  
5 school district: Adult education fund; adult supplementary education fund;  
6 at-risk education fund; bilingual education fund; career and postsecondary  
7 education fund; driver training fund; educational excellence grant program  
8 fund; extraordinary school program fund; food service fund; parent  
9 education program fund; preschool-aged at-risk education fund;  
10 professional development fund; special education fund; and summer  
11 program fund.
- 12 (j) "Cost-of-living weighting" means an addend component assigned  
13 to the enrollment of school districts pursuant to K.S.A. 2017 Supp. 72-  
14 5159, and amendments thereto, on the basis of costs attributable to the cost  
15 of living in such school districts.
- 16 (k) "Current school year" means the school year during which state  
17 foundation aid is determined by the state board under K.S.A. 2017 Supp.  
18 72-5134, and amendments thereto.
- 19 ~~(l) "Declining enrollment weighting" means an addend component~~  
20 ~~assigned to the enrollment of school districts pursuant to K.S.A. 2017-~~  
21 ~~Supp. 72-5160, and amendments thereto, on the basis of costs attributable~~  
22 ~~to the declining enrollment of such school districts.~~
- 23 ~~(m)~~ (l) "Enrollment" means:
- 24 (1) The number of students regularly enrolled ~~in kindergarten and~~  
25 ~~grades one through 12~~ in the school district on September 20 of the  
26 preceding school year ~~plus the number of preschool-aged at-risk students~~  
27 ~~regularly enrolled in the school district on September 20 of the current~~  
28 ~~school year~~, except a student who is a foreign exchange student shall not  
29 be counted unless such student is regularly enrolled in the school district  
30 on September 20 and attending kindergarten or any of the grades one  
31 through 12 maintained by the school district for at least one semester or  
32 two quarters, or the equivalent thereof.
- 33 (2) If the enrollment in a school district in the preceding school year  
34 has decreased from enrollment in the second preceding school year, the  
35 enrollment of the school district in the current school year means the sum  
36 of:
- 37 (A) The enrollment in the second preceding school year, excluding  
38 students under paragraph (2)(B), minus enrollment in the preceding school  
39 year of preschool-aged at-risk students, if any, plus enrollment in the  
40 current school year of preschool-aged at-risk students, if any; and
- 41 (B) the adjusted enrollment in the second preceding school year of  
42 any students participating in the tax credit for low income students  
43 scholarship program pursuant to K.S.A. 2017 Supp. 72-4351 et seq., and



1 amendments thereto, in the preceding school year, if any, plus the adjusted  
 2 enrollment in the preceding school year of preschool-aged at-risk students  
 3 who are participating in the tax credit for low income students scholarship  
 4 program pursuant to K.S.A. 2017 Supp. 72-4351 et seq., and amendments  
 5 thereto, in the current school year, if any.

6 (3) For any school district that ~~has a military student, as that term is~~  
 7 ~~defined in K.S.A. 2017 Supp. 72-5139, and amendments thereto, enrolled~~  
 8 ~~in such district, and that~~ received federal impact aid for the preceding  
 9 school year, if the enrollment in such school district in the preceding  
 10 school year has decreased from enrollment in the second preceding school  
 11 year, the enrollment of the school district in the current school year means  
 12 whichever is the greater of:

13 (A) The enrollment determined under subsection ~~(m)(2)~~ (l)(2); or

14 (B) the sum of the enrollment in the preceding school year of  
 15 preschool-aged at-risk students, if any, and the arithmetic mean of the sum  
 16 of:

17 (i) The enrollment of the school district in the preceding school year  
 18 minus the enrollment in such school year of preschool-aged at-risk  
 19 students, if any;

20 (ii) the enrollment in the second preceding school year minus the  
 21 enrollment in such school year of preschool-aged at-risk students, if any;  
 22 and

23 (iii) the enrollment in the third preceding school year minus the  
 24 enrollment in such school year of preschool-aged at-risk students, if any.

25 (4) (A) ~~For school year 2017-2018, the enrollment determined under~~  
 26 ~~paragraph (1), (2) or (3), except if the school district offers kindergarten on~~  
 27 ~~a full-time basis in such school year, students regularly enrolled in~~  
 28 ~~kindergarten in the school district in the preceding school year shall be~~  
 29 ~~counted as one student regardless of actual attendance during such~~  
 30 ~~preceding school year.~~

31 (B) ~~For school year 2018-2019 and each school year thereafter, the~~  
 32 ~~enrollment determined under paragraph (1), (2) or (3), except if the school~~  
 33 ~~district begins to offer kindergarten on a full-time basis in such school~~  
 34 ~~year, students regularly enrolled in kindergarten in the school district in the~~  
 35 ~~preceding school year shall be counted as one student regardless of actual~~  
 36 ~~attendance during such preceding school year.~~

37 ~~(m)~~ (m) "February 20" has its usual meaning, except that in any year  
 38 in which February 20 is not a day on which school is maintained, it means  
 39 the first day after February 20 on which school is maintained.

40 ~~(n)~~ (n) "Federal impact aid" means an amount equal to the federally  
 41 qualified percentage of the amount of moneys a school district receives in  
 42 the current school year under the provisions of title I of public law 874 and  
 43 congressional appropriations therefor, excluding amounts received for

1 assistance in cases of major disaster and amounts received under the low-  
 2 rent housing program. The amount of federal impact aid shall be  
 3 determined by the state board in accordance with terms and conditions  
 4 imposed under the provisions of the public law and rules and regulations  
 5 thereunder.

6 ~~(p)~~ (o) "General fund" means the fund of a school district from which  
 7 operating expenses are paid and in which is deposited all amounts of state  
 8 foundation aid provided under this act, payments under K.S.A. 2017 Supp.  
 9 72-528, and amendments thereto, payments of federal funds made  
 10 available under the provisions of title I of public law 874, except amounts  
 11 received for assistance in cases of major disaster and amounts received  
 12 under the low-rent housing program and such other moneys as are  
 13 provided by law.

14 ~~(q)~~ (p) "General fund budget" means the amount budgeted for  
 15 operating expenses in the general fund of a school district.

16 (q) *"Enrollment weighting" means an addend component assigned to*  
 17 *the enrollment of school districts pursuant to K.S.A. 2017 Supp. 72-5149,*  
 18 *and amendments thereto, on the basis of costs attributable to maintenance*  
 19 *of educational programs by such school districts.*

20 (r) "High-density at-risk student weighting" means an addend  
 21 component assigned to the enrollment of school districts pursuant to  
 22 K.S.A. 2017 Supp. 72-5151(b), and amendments thereto, on the basis of  
 23 costs attributable to the maintenance of at-risk educational programs by  
 24 such school districts.

25 ~~(s) "High enrollment weighting" means an addend component~~  
 26 ~~assigned to the enrollment of school districts pursuant to K.S.A. 2017~~  
 27 ~~Supp. 72-5149(b), and amendments thereto, on the basis of costs~~  
 28 ~~attributable to maintenance of educational programs by such school~~  
 29 ~~districts.~~

30 ~~(t)~~ (s) "Juvenile detention facility" means the same as such term is  
 31 defined in K.S.A. 2017 Supp. 72-1173, and amendments thereto.

32 ~~(u)~~ (t) "Local foundation aid" means the sum of the following  
 33 amounts:

34 (1) An amount equal to any unexpended and unencumbered balance  
 35 remaining in the general fund of the school district, except moneys  
 36 received by the school district and authorized to be expended for the  
 37 purposes specified in K.S.A. 2017 Supp. 72-5168, and amendments  
 38 thereto;

39 (2) an amount equal to any remaining proceeds from taxes levied  
 40 under authority of K.S.A. 72-7056 and 72-7072, and amendments thereto,  
 41 prior to their repeal;

42 (3) an amount equal to the amount deposited in the general fund in  
 43 the current school year from moneys received in such school year by the

1 school district under the provisions of K.S.A. 2017 Supp. 72-3123(a), and  
2 amendments thereto;

3 (4) an amount equal to the amount deposited in the general fund in  
4 the current school year from moneys received in such school year by the  
5 school district pursuant to contracts made and entered into under authority  
6 of K.S.A. 2017 Supp. 72-3125, and amendments thereto;

7 (5) an amount equal to the amount credited to the general fund in the  
8 current school year from moneys distributed in such school year to the  
9 school district under the provisions of articles 17 and 34 of chapter 12 of  
10 the Kansas Statutes Annotated, and amendments thereto, and under the  
11 provisions of articles 42 and 51 of chapter 79 of the Kansas Statutes  
12 Annotated, and amendments thereto;

13 (6) an amount equal to the amount of payments received by the  
14 school district under the provisions of K.S.A. 2017 Supp. 72-3423, and  
15 amendments thereto;

16 (7) an amount equal to the amount of any grant received by the  
17 school district under the provisions of K.S.A. 2017 Supp. 72-3425, and  
18 amendments thereto; and

19 (8) an amount equal to 70% of the federal impact aid of the school  
20 district.

21 ~~(v) "Low enrollment weighting" means an addend component~~  
22 ~~assigned to the enrollment of school districts pursuant to K.S.A. 2017-~~  
23 ~~Supp. 72-5149(a), and amendments thereto, on the basis of costs~~  
24 ~~attributable to maintenance of educational programs by such school~~  
25 ~~districts.~~

26 ~~(w) (u)~~ "Operating expenses" means the total expenditures and lawful  
27 transfers from the general fund of a school district during a school year for  
28 all purposes, except expenditures for the purposes specified in K.S.A.  
29 2017 Supp. 72-5168, and amendments thereto.

30 ~~(x) (v)~~ "Preceding school year" means the school year immediately  
31 before the current school year.

32 ~~(y) (w)~~ "Preschool-aged at-risk student" means an at-risk student who  
33 has attained the age of four years, is under the age of eligibility for  
34 attendance at kindergarten, and has been selected by the state board in  
35 accordance with guidelines governing the selection of students for  
36 participation in head start programs.

37 ~~(z) (x)~~ "Preschool-aged exceptional children" means exceptional  
38 children, except gifted children, who have attained the age of three years  
39 but are under the age of eligibility for attendance at kindergarten. The  
40 terms "exceptional children" and "gifted children" have the same meaning  
41 as those terms are defined in K.S.A. 2017 Supp. 72-3404, and amendments  
42 thereto.

43 ~~(aa) (y)~~ "Psychiatric residential treatment facility" means the same as

1 such term is defined in K.S.A. 2017 Supp. 72-1173, and amendments  
2 thereto.

3 ~~(bb)~~ (z) "School district" means a school district organized under the  
4 laws of this state that is maintaining public school for a school term in  
5 accordance with the provisions of K.S.A. 2017 Supp. 72-3115, and  
6 amendments thereto.

7 ~~(ee)~~ (aa) "School facilities weighting" means an added component  
8 assigned to the enrollment of school districts pursuant to K.S.A. 2017  
9 Supp. 72-5156, and amendments thereto, on the basis of costs attributable  
10 to commencing operation of one or more new school facilities by such  
11 school districts.

12 ~~(dd)~~ (bb) "School year" means the 12-month period ending June 30.

13 ~~(ee)~~ (cc) "September 20" has its usual meaning, except that in any  
14 year in which September 20 is not a day on which school is maintained, it  
15 means the first day after September 20 on which school is maintained.

16 ~~(ff)~~ (dd) "Special education and related services weighting" means an  
17 addend component assigned to the enrollment of school districts pursuant  
18 to K.S.A. 2017 Supp. 72-5157, and amendments thereto, on the basis of  
19 costs attributable to the maintenance of special education and related  
20 services by such school districts.

21 ~~(gg)~~ (ee) "State board" means the state board of education.

22 ~~(hh)~~ (ff) "State foundation aid" means the amount of aid distributed to  
23 [a] school district as determined by the state board pursuant to K.S.A.  
24 2017 Supp. 72-5134, and amendments thereto.

25 ~~(ii)~~ (gg) (1) "Student" means any person who is regularly enrolled in  
26 a school district and attending kindergarten or any of the grades one  
27 through 12 maintained by the school district or who is regularly enrolled in  
28 a school district and attending kindergarten or any of the grades one  
29 through 12 in another school district in accordance with an agreement  
30 entered into under authority of K.S.A. 2017 Supp. 72-13,101, and  
31 amendments thereto, or who is regularly enrolled in a school district and  
32 attending special education services provided for preschool-aged  
33 exceptional children by the school district.

34 (2) (A) Except as otherwise provided in this subsection, the following  
35 shall be counted as one student:

36 (i) A student in attendance full-time; and

37 (ii) a student enrolled in a school district and attending special  
38 education and related services, provided for by the school district.

39 (B) The following shall be counted as  $\frac{1}{2}$  student:

40 (i) A student enrolled in a school district and attending special  
41 education and related services for preschool-aged exceptional children  
42 provided for by the school district; and

43 (ii) a preschool-aged at-risk student enrolled in a school district and

1 receiving services under an approved at-risk student assistance plan  
2 maintained by the school district.

3 (C) A student in attendance part-time shall be counted as that  
4 proportion of one student (to the nearest  $\frac{1}{10}$ ) that the student's attendance  
5 bears to full-time attendance.

6 (D) A student enrolled in and attending an institution of  
7 postsecondary education that is authorized under the laws of this state to  
8 award academic degrees shall be counted as one student if the student's  
9 postsecondary education enrollment and attendance together with the  
10 student's attendance in either of the grades 11 or 12 is at least  $\frac{5}{6}$  time,  
11 otherwise the student shall be counted as that proportion of one student (to  
12 the nearest  $\frac{1}{10}$ ) that the total time of the student's postsecondary education  
13 attendance and attendance in grades 11 or 12, as applicable, bears to full-  
14 time attendance.

15 (E) A student enrolled in and attending a technical college, a career  
16 technical education program of a community college or other approved  
17 career technical education program shall be counted as one student, if the  
18 student's career technical education attendance together with the student's  
19 attendance in any of grades nine through 12 is at least  $\frac{5}{6}$  time, otherwise  
20 the student shall be counted as that proportion of one student (to the  
21 nearest  $\frac{1}{10}$ ) that the total time of the student's career technical education  
22 attendance and attendance in any of grades nine through 12 bears to full-  
23 time attendance.

24 (F) A student enrolled in a school district and attending a non-virtual  
25 school and also attending a virtual school shall be counted as that  
26 proportion of one student (to the nearest  $\frac{1}{10}$ ) that the student's attendance  
27 at the non-virtual school bears to full-time attendance.

28 (G) A student enrolled in a school district and attending special  
29 education and related services provided for by the school district and also  
30 attending a virtual school shall be counted as that proportion of one  
31 student (to the nearest  $\frac{1}{10}$ ) that the student's attendance at the non-virtual  
32 school bears to full-time attendance.

33 (H) (i) ~~Except as provided in clause (ii), a student enrolled in a school~~  
34 ~~district who is not a resident of Kansas shall be counted as follows:~~

35 (a) ~~For school years 2017-2018 and 2018-2019, one student;~~  
36 (b) ~~for school year 2019-2020 and 2020-2021,  $\frac{3}{4}$  of a student; and~~  
37 (c) ~~for school year 2021-2022 and each school year thereafter,  $\frac{1}{2}$  of a~~  
38 ~~student.~~

39 (ii) ~~This subparagraph (H) shall not apply to:~~

40 (a) ~~A student whose parent or legal guardian is an employee of the~~  
41 ~~school district where such student is enrolled; or~~

42 (b) ~~a student who attended public school in Kansas during school~~  
43 ~~year 2016-2017 and who attended public school in Kansas during the~~

1 immediately preceding school year.

2 (3) The following shall not be counted as a student:

3 (A) An individual residing at the Flint Hills job corps center;

4 (B) except as provided in subsection ~~(ii)(2)~~ (gg)(2), an individual  
5 confined in and receiving educational services provided for by a school  
6 district at a juvenile detention facility; and

7 (C) an individual enrolled in a school district but housed, maintained  
8 and receiving educational services at a state institution or a psychiatric  
9 residential treatment facility.

10 (4) A student enrolled in virtual school pursuant to K.S.A. 72-3711 et  
11 seq., and amendments thereto, shall be counted in accordance with the  
12 provisions of K.S.A. 2017 Supp. 72-3715, and amendments thereto.

13 ~~(ij)~~ (hh) "Total foundation aid" means an amount equal to the product  
14 obtained by multiplying the BASE aid by the adjusted enrollment of a  
15 school district.

16 ~~(kk)~~ (ii) "Transportation weighting" means an addend component  
17 assigned to the enrollment of school districts pursuant to K.S.A. 2017  
18 Supp. 72-5148, and amendments thereto, on the basis of costs attributable  
19 to the provision or furnishing of transportation.

20 ~~(ll)~~ (jj) "Virtual school" means the same as such term is defined in  
21 K.S.A. 2017 Supp. 72-3712, and amendments thereto.

22 Sec. 6. K.S.A. 2017 Supp. 72-5133 is hereby amended to read as  
23 follows: 72-5133. (a) The state school district finance fund, established by  
24 K.S.A. 1991 Supp. 72-7081, prior to its repeal, is hereby continued in  
25 existence and shall consist of: (1) All moneys credited to such fund under  
26 K.S.A. 2017 Supp. 72-6463 through 72-6481, prior to their expiration July  
27 1, 2017; and (2) all amounts transferred to such fund under K.S.A. 2017  
28 Supp. 72-5136, 72-5142, 72-5143, 72-5158, 72-5159 and 72-5160, and  
29 amendments thereto.

30 (b) The state school district finance fund shall be used for the purpose  
31 of school district finance and for no other governmental purpose. It is the  
32 intent of the legislature that the fund shall remain intact and inviolate for  
33 such purpose, and moneys in the fund shall not be subject to the provisions  
34 of K.S.A. 75-3722, 75-3725a and 75-3726a, and amendments thereto.

35 (c) Amounts in the state school district finance fund shall be allocated  
36 and distributed to school districts as a portion of state foundation aid  
37 provided for under this act.

38 Sec. 7. K.S.A. 2017 Supp. 72-5143 is hereby amended to read as  
39 follows: 72-5143. (a) In each school year, the board of education of a  
40 school district may adopt, by resolution, a local option budget that does  
41 not exceed the state prescribed percentage.

42 (b) Subject to the limitations of subsection (a), in each school year,  
43 the board of education of a school district may adopt, by resolution, a local

1 option budget in an amount that does not exceed:

2 (1) The amount that the board was authorized to adopt under any  
3 resolution adopted pursuant to K.S.A. 2017 Supp. 72-6471, prior to its  
4 ~~expiration July 1, 2017~~; or

5 (2) the state-wide average for the preceding school year as  
6 determined by the state board pursuant to subsection (i).

7 The adoption of a resolution pursuant to this section shall require a  
8 majority vote of the members of the board. Such resolution shall be  
9 effective upon adoption and shall require no other procedure, authorization  
10 or approval.

11 (c) If the board of a school district desires to increase its local option  
12 budget authority above the amount authorized under subsection (b), the  
13 board may adopt, by resolution, such budget in an amount not to exceed  
14 the state prescribed percentage. The adoption of a resolution pursuant to  
15 this subsection shall require a majority vote of the members of the board.  
16 ~~The resolution shall be published at least once in a newspaper having~~  
17 ~~general circulation in the school district. The resolution shall be published~~  
18 ~~in substantial compliance with the following form:~~

19 Unified School District No. \_\_\_\_\_,  
20 \_\_\_\_\_ County, Kansas.

21 RESOLUTION

22 Be It Resolved that:

23 ~~The board of education of the above-named school district shall be~~  
24 ~~authorized to adopt a local option budget in each school year in an amount~~  
25 ~~not to exceed \_\_\_\_% of the amount of total foundation aid. The local~~  
26 ~~option budget authorized by this resolution may be adopted, unless a~~  
27 ~~petition in opposition to the same, signed by not less than 5% of the~~  
28 ~~qualified electors of the school district, is filed with the county election~~  
29 ~~officer of the home county of the school district within 30 days after~~  
30 ~~publication of this resolution. If a petition is filed, the county election~~  
31 ~~officer shall submit the question of whether adoption of the local option~~  
32 ~~budget shall be authorized to the electors of the school district at an~~  
33 ~~election called for the purpose or at the next general election, as is~~  
34 ~~specified by the board of education of the school district.~~

35 CERTIFICATE

36 This is to certify that the above resolution was duly adopted by the  
37 board of education of unified school district No. \_\_\_\_\_, \_\_\_\_\_ County,  
38 Kansas, on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

39 \_\_\_\_\_  
40 Clerk of the board of education.

41 ~~All of the blanks in the resolution shall be filled appropriately. If a~~  
42 ~~sufficient petition is not filed, the board may adopt a local option budget.~~  
43 ~~If a sufficient petition is filed, the board may notify the county election~~

1 officer of the date of an election to be held to submit the question of  
2 whether adoption of a local option budget shall be authorized. Any such  
3 election shall be noticed, called and held in the manner provided by K.S.A.  
4 10-120, and amendments thereto. If the board fails to notify the county  
5 election officer within 30 days after a sufficient petition is filed, the  
6 resolution shall be deemed abandoned and no like resolution shall be  
7 adopted by the board within the nine months following publication of the  
8 resolution.

9 (d) Unless specifically stated otherwise in the resolution, the authority  
10 to adopt a local option budget shall be continuous and permanent. The  
11 board of any school district that is authorized to adopt a local option  
12 budget may choose not to adopt such a budget or may adopt a budget in an  
13 amount less than the amount authorized. If the board of any school district  
14 whose authority to adopt a local option budget is not continuous and  
15 permanent refrains from adopting a local option budget, the authority of  
16 such school district to adopt a local option budget shall not be extended by  
17 such refrainment beyond the period specified in the resolution authorizing  
18 adoption of such budget.

19 (e) The board of any school district may initiate procedures to renew  
20 or increase the authority to adopt a local option budget at any time during  
21 a school year after the tax levied pursuant to K.S.A. 2017 Supp. 72-5147,  
22 and amendments thereto, is certified to the county clerk under any existing  
23 authorization.

24 (f) The board of any school district authorized to adopt a local option  
25 budget prior to July 1, 2017, under a resolution that authorized the  
26 adoption of such budget in accordance with the provisions of K.S.A. 2017  
27 Supp. 72-6471, prior to its expiration ~~July 1, 2017~~, may continue to  
28 operate under such resolution for the period of time specified in the  
29 resolution or may abandon the resolution and operate under the provisions  
30 of this section. Any such school district shall operate under the provisions  
31 of this section after the period of time specified in any previously adopted  
32 resolution has expired.

33 (g) Any resolution adopted pursuant to this section may revoke or  
34 repeal any resolution previously adopted by the board. If the resolution  
35 does not revoke or repeal previously adopted resolutions, all resolutions  
36 that are in effect shall expire on the same date. The maximum amount of  
37 the local option budget of a school district under all resolutions in effect  
38 shall not exceed the state prescribed percentage in any school year.

39 (h) (1) There is hereby established in each school district that adopts a  
40 local option budget a supplemental general fund, which shall consist of all  
41 amounts deposited therein or credited thereto according to law.

42 (2) Subject to the limitations imposed under subsection (h)(3),  
43 amounts in the supplemental general fund may be expended for any



1 purpose for which expenditures from the general fund are authorized or  
2 may be transferred to any categorical fund of the school district. Amounts  
3 in the supplemental general fund attributable to any percentage over 25%  
4 of total foundation aid determined for the current school year may be  
5 transferred to the capital improvements fund of the school district and the  
6 capital outlay fund of the school district if such transfers are specified in  
7 the resolution authorizing the adoption of a local option budget in excess  
8 of 25%.

9 (3) Amounts in the supplemental general fund may not be expended  
10 for the purpose of making payments under any lease-purchase agreement  
11 involving the acquisition of land or buildings that is entered into pursuant  
12 to the provisions of K.S.A. 2017 Supp. 72-1149, and amendments thereto.

13 (4) (A) Except as provided in subsection (h)(4)(B), any unexpended  
14 moneys remaining in the supplemental general fund of a school district at  
15 the conclusion of any school year in which a local option budget is  
16 adopted shall be maintained in such fund.

17 (B) If the school district received supplemental state aid in the school  
18 year, the state board shall determine the ratio of the amount of  
19 supplemental general state aid received to the amount of the local option  
20 budget of the school district for the school year and multiply the total  
21 amount of the unexpended moneys remaining by such ratio. An amount  
22 equal to the amount of the product shall be transferred to the general fund  
23 of the school district or remitted to the state treasurer in accordance with  
24 the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt  
25 of any such remittance, the state treasurer shall deposit the same in the  
26 state treasury to the credit of the state school district finance fund.

27 (i) Each year, the state board shall determine the statewide average  
28 percentage of local option budgets legally adopted by school districts for  
29 the preceding school year.

30 (j) The provisions of this section shall be subject to the provisions of  
31 K.S.A. 2017 Supp. 72-5144, and amendments thereto.

32 (k) As used in this section:

33 (1) "Authorized to adopt a local option budget" means that a school  
34 district has adopted a resolution pursuant to subsection (c).

35 (2) "State prescribed percentage" means 33% of the total foundation  
36 aid of the school district in the current school year.

37 (3) "Total foundation aid" means the same as such term is defined in  
38 K.S.A. 2017 Supp. 72-5132, and amendments thereto.

39 Sec. 8. K.S.A. 2017 Supp. 72-5144 is hereby amended to read as  
40 follows: 72-5144. (a) (1) Subject to the provisions of subsection (e), the  
41 provisions of this subsection shall apply in any school year in which the  
42 amount of BASE aid is \$4,490 or less.

43 (2) The board of education of a school district may adopt a local

1 option budget that does not exceed the local option budget calculated as if  
2 the BASE aid was \$4,490, or that does not exceed the local option budget  
3 as calculated pursuant to K.S.A. 2017 Supp. 72-5143, and amendments  
4 thereto, whichever is greater.

5 (b) The board of education of a school district may adopt a local  
6 option budget that does not exceed the local option budget calculated as if  
7 the school district received state aid for special education and related  
8 services equal to the amount of state aid for special education and related  
9 services received in school year 2008-2009, or that does not exceed the  
10 local option budget as calculated pursuant to K.S.A. 2017 Supp. 72-5143,  
11 and amendments thereto, whichever is greater.

12 (c) The board of any school district may exercise the authority  
13 granted under subsection (a) or (b) or both subsections (a) and (b).

14 (d) To the extent that the provisions of K.S.A. 2017 Supp. 72-5143,  
15 and amendments thereto, conflict with this section, this section shall  
16 control.

17 ~~(e) For school year 2019-2020, and each school year thereafter, the~~  
18 ~~specified dollar amount used in subsection (a) for purposes of determining~~  
19 ~~the local option budget of a school district shall be the specified dollar~~  
20 ~~amount used for the immediately preceding school year plus an amount~~  
21 ~~equal to the average percentage increase in the consumer price index for~~  
22 ~~all urban consumers in the midwest region as published by the bureau of~~  
23 ~~labor statistics of the United States department of labor during the three~~  
24 ~~immediately preceding school years.~~

25 Sec. 9. K.S.A. 2017 Supp. 72-5145 is hereby amended to read as  
26 follows: 72-5145. (a) In each school year, each school district that has  
27 adopted a local option budget is eligible to receive supplemental state aid.  
28 Except as provided by K.S.A. 2017 Supp. 72-5146, and amendments  
29 thereto, supplemental state aid shall be determined by the state board as  
30 provided in subsection (b).

31 (b) The state board shall:

32 ~~(1) (A) For school year 2017-2018, determine the amount of the~~  
33 ~~assessed valuation per student in the preceding school year of each school~~  
34 ~~district; and~~

35 ~~(B) For school year 2018-2019 and each school year thereafter,~~  
36 ~~determine the average assessed valuation per student of each school~~  
37 ~~district by adding the assessed valuation per student for each of the three~~  
38 ~~immediately preceding school years and dividing the resulting sum by~~  
39 ~~three;~~

40 (2) rank the school districts from low to high on the basis of the  
41 amounts of assessed valuation per student determined under subsection (b)  
42 (1);

43 (3) identify the amount of the assessed valuation per student located

1 at the 81.2 percentile of the amounts ranked under subsection (b)(2);

2 (4) divide the assessed valuation per student of the school district as  
3 determined under subsection (b)(1) by the amount identified under  
4 subsection (b)(3); and

5 (5) (A) if the quotient obtained under subsection (b)(4) equals or  
6 exceeds one, the school district shall not receive supplemental state aid; or

7 (B) if the quotient obtained under subsection (b)(4) is less than one,  
8 subtract the quotient obtained under subsection (b)(4) from one, and  
9 multiply the difference by the amount of the local option budget of the  
10 school district ~~for the immediately preceding school year~~. The resulting  
11 product is the amount of supplemental state aid the school district is to  
12 receive for the school year.

13 (c) Payments of supplemental state aid shall be distributed to school  
14 districts on the dates prescribed by the state board. The state board shall  
15 certify to the director of accounts and reports the amount due each school  
16 district, and the director of accounts and reports shall draw a warrant on  
17 the state treasurer payable to the treasurer of the school district. Upon  
18 receipt of the warrant, the treasurer of the school district shall credit the  
19 amount thereof to the supplemental general fund of the school district to  
20 be used for the purposes of such fund.

21 (d) For the purposes of determining the total amount of state moneys  
22 paid to school districts, all moneys appropriated as supplemental state aid  
23 shall be deemed to be state moneys for educational and support services  
24 for school districts.

25 Sec. 10. K.S.A. 2017 Supp. 72-5148 is hereby amended to read as  
26 follows: 72-5148. (a) The transportation weighting of each school district  
27 shall be determined by the state board as follows:

28 (1) Determine the total expenditures of the school district during the  
29 preceding school year from all funds for transporting students of public  
30 and nonpublic schools on regular school routes;

31 (2) determine the sum of: (A) The number of students who were  
32 included in the enrollment of the school district in the preceding school  
33 year who resided less than 2½ miles by the usually traveled road from the  
34 school building such students attended and for whom transportation was  
35 made available by the school district; and (B) the number of nonresident  
36 students who were included in the enrollment of the school district for the  
37 preceding school year and for whom transportation was made available by  
38 the school district;

39 (3) determine the number of students who were included in the  
40 enrollment of the district in the preceding school year who resided 2½  
41 miles or more by the usually traveled road from the school building such  
42 students attended and for whom transportation was made available by the  
43 school district;

- 1 (4) multiply the number of students determined under subsection (a)  
 2 (3) by 2.8;
- 3 (5) divide the amount determined under subsection (a)(2) by the  
 4 product obtained under subsection (a)(4);
- 5 (6) add one to the quotient obtained under subsection (a)(5);
- 6 (7) multiply the sum obtained under subsection (a)(6) by the amount  
 7 determined under subsection (a)(3);
- 8 (8) divide the amount determined under subsection (a)(1) by the  
 9 product obtained under subsection (a)(7). The resulting quotient is the per-  
 10 student cost of transportation;
- 11 (9) on a density-cost graph, plot the per-student cost of transportation  
 12 for each school district;
- 13 (10) construct a curve of best fit for the points so plotted;
- 14 (11) *adjust the curve of best fit as follows:*
- 15 (A) *Identify the 10 school districts on the density-cost graph with the*  
 16 *highest indices of density;*
- 17 (B) *determine the median per-student cost of transportation for those*  
 18 *10 school districts, excluding the highest per-student cost of*  
 19 *transportation and the lowest per-student cost of transportation for the*  
 20 *school districts identified under subsection (a)(11)(A); and*
- 21 (C) *beginning at the point on the curve of best fit that corresponds to*  
 22 *the median per-student cost of transportation determined under subsection*  
 23 *(a)(11)(B), the curve of best fit shall be adjusted such that it presents a*  
 24 *horizontal line with a value on the vertical axis equal to such median per-*  
 25 *student cost of transportation;*
- 26 ~~(H)~~ (12) locate the index of density for the school district on the base  
 27 line of the density-cost graph and from the point on the *adjusted* curve of  
 28 best fit directly above this point of index of density follow a line parallel to  
 29 the base line to the point of intersection with the vertical line, which point  
 30 is the formula per-student cost of transportation of the school district;
- 31 ~~(I)~~ (13) divide the formula per-student cost of transportation of the  
 32 school district by the BASE aid; and
- 33 ~~(J)~~ (14) multiply the quotient obtained under subsection ~~(a)(12)~~ (a)  
 34 (13) by the number of students who are included in the enrollment of the  
 35 school district, are residing  $2\frac{1}{2}$  miles or more by the usually traveled road  
 36 to the school building they attend, and for whom transportation is being  
 37 made available by, and at the expense of, the district.
- 38 (b) (1) For school years 2017-2018 through 2020-2021, the  
 39 transportation weighting of the school district shall be either the product  
 40 determined under subsection ~~(a)(13)~~ (a)(14), or that portion of such school  
 41 district's general state aid for school year 2016-2017 that was attributable  
 42 to the school district's transportation weighting, whichever is greater.
- 43 (2) For school year 2021-2022, and each school year thereafter, the

1 transportation weighting of the school district shall be the product  
 2 determined under subsection ~~(a)(13)~~ (a)(14).

3 (c) For the purpose of providing accurate and reliable data on student  
 4 transportation, the state board is authorized to adopt rules and regulations  
 5 prescribing procedures that school districts shall follow in reporting  
 6 pertinent information, including uniform reporting of expenditures for  
 7 transportation.

8 (d) As used in this section:

9 (1) "Curve of best fit" means the curve on a density-cost graph drawn  
 10 so the sum of the distances squared from such line to each of the points  
 11 plotted on the graph is the least possible.

12 (2) "Density-cost graph" means a drawing having: (A) A horizontal or  
 13 base line divided into equal intervals of density, beginning with zero on the  
 14 left; and (B) a scale for per-student cost of transportation to be shown on a  
 15 line perpendicular to the base line at the left end thereof, such scale to  
 16 begin with zero dollars at the base line ascending by equal per-student cost  
 17 intervals.

18 (3) "Index of density" means the number of students who are  
 19 included in the enrollment of a school district in the current school year,  
 20 are residing the designated distance or more by the usually traveled road  
 21 from the school building they attend, and for whom transportation is being  
 22 made available on regular school routes by the school district, divided by  
 23 the number of square miles of territory in the school district.

24 Sec. 11. K.S.A. 2017 Supp. 72-5149 is hereby amended to read as  
 25 follows: 72-5149. ~~(a)~~ The ~~low~~ enrollment weighting of each school district  
 26 shall be determined by the state board as follows:

27 ~~(+)~~ (a) For school districts with an enrollment of fewer than 100  
 28 students, multiply the enrollment of the school district by 1.014331. The  
 29 resulting product is the ~~low~~ enrollment weighting of the school district;

30 ~~(2)~~ (b) for school districts with an enrollment of at least 100 students,  
 31 but fewer than 300 students:

32 ~~(A)~~ (1) Subtract 100 from the enrollment of the school district;

33 ~~(B)~~ (2) multiply the difference obtained under subsection ~~(a)(2)(A)~~  
 34 ~~(b)(1)~~ by 9.655;

35 ~~(C)~~ (3) subtract the product obtained under subsection ~~(a)(2)(B)~~ (b)  
 36 (2) from 7,337;

37 ~~(D)~~ (4) divide the difference obtained under subsection ~~(a)(2)(C)~~ (b)  
 38 (3) by 3,642.4;

39 ~~(E)~~ (5) subtract one from the quotient obtained under subsection ~~(a)~~  
 40 ~~(2)(D)~~ (b)(4); and

41 ~~(F)~~ (6) multiply the difference obtained under subsection ~~(a)(2)(E)~~ (b)  
 42 (5) by the enrollment of the school district. The resulting product is the  
 43 ~~low~~ enrollment weighting of the school district;

- 1       ~~(3)~~ (c) for school districts with an enrollment of at least 300 students,
- 2 but fewer than 1,622 students:
- 3       ~~(A)~~ (1) Subtract 300 from the enrollment of the school district;
- 4       ~~(B)~~ (2) multiply the difference obtained under subsection ~~(a)(3)(A)~~
- 5 ~~(c)(1)~~ by 1.2375;
- 6       ~~(C)~~ (3) subtract the product obtained under subsection ~~(a)(3)(B)~~ (c)
- 7 (2) from 5,406;
- 8       ~~(D)~~ (4) divide the difference obtained under subsection ~~(a)(3)(C)~~ (c)
- 9 (3) by 3,642.4;
- 10       ~~(E)~~ (5) subtract one from the quotient obtained under subsection ~~(e)~~
- 11 ~~(D)~~ (c)(4); and
- 12       ~~(F)~~ (6) multiply the difference obtained under subsection ~~(a)(3)(E)~~ (c)
- 13 (5) by the enrollment of the school district. The resulting product is the
- 14 ~~low~~ enrollment weighting of the school district.

15       ~~(b)~~ (d) For school districts with an enrollment of at least 1,622

16 students, multiply the enrollment of the school district by 0.03504. The

17 resulting product is the ~~high~~ enrollment weighting of the school district.

18       Sec. 12. K.S.A. 2017 Supp. 72-5150 is hereby amended to read as

19 follows: 72-5150. The bilingual weighting of each school district shall be

20 determined by the state board as follows:

21       (a) Determine the full-time equivalent enrollment in approved

22 programs of bilingual education during the preceding school year and

23 multiply such enrollment by ~~0.395~~ 0.361;

24       (b) determine the number of students enrolled in approved programs

25 of bilingual education during the preceding school year and multiply such

26 enrollment by 0.185; and

27       (c) the bilingual weighting shall be either the amount determined

28 under subsection (a) or (b), whichever is greater.

29       Sec. 13. K.S.A. 2017 Supp. 72-5151 is hereby amended to read as

30 follows: 72-5151. (a) The at-risk student weighting of each school district

31 shall be determined by the state board as follows:

32       (1) Determine the number of at-risk students included in the

33 enrollment of the school district; and

34       ~~(2) for a school district with an enrollment that consists of 10% or~~

35 ~~more at-risk students, multiply the number determined under subsection~~

36 (a)(1) by 0.484. The resulting sum is the at-risk student weighting of the

37 school district; ~~or~~

38       ~~(3) for a school district with an enrollment that consists of less than~~

39 ~~10% at-risk students, multiply the number of students equal to 10% of~~

40 ~~such school district's enrollment by 0.484. The resulting sum is the at-risk~~

41 ~~student weighting of the school district. A school district whose at-risk~~

42 ~~student weighting is determined pursuant to this paragraph shall submit a~~

43 ~~report to the state board in such form and manner as required by the state~~

1 board that identifies those students enrolled in such school district who are  
 2 receiving at-risk program services and the criteria each such student  
 3 satisfies in order to receive at-risk program services. The state board shall  
 4 adopt rules and regulations that establish the criteria for eligibility for at-  
 5 risk program services. The provisions of this paragraph shall only apply to  
 6 those school districts that offer instruction in kindergarten and grades one  
 7 through 12.

8 (b) Except as provided in subsection (b)(4), The high-density at-risk  
 9 student weighting of each school district shall be determined by the state  
 10 board as follows:

11 (1) ~~(A)~~ If the enrollment of the school district is at least 35% at-risk  
 12 students, but less than 50% at-risk students:

13 ~~(i) (A)~~ Subtract 35% from the percentage of at-risk students included  
 14 in the enrollment of the school district;

15 ~~(ii) (B)~~ multiply the difference determined under subsection (b)(1)(A)  
 16 ~~(i)~~ by 0.7; and

17 ~~(iii) (C)~~ multiply the product determined under subsection ~~(b)(1)(A)~~  
 18 ~~(ii) (b)(1)(B)~~ by the number of at-risk students included in the enrollment  
 19 of the school district. *The resulting product is the high-density at-risk*  
 20 *student weighting of the school district; or*

21 ~~(B) (2)~~ if the enrollment of the school district is 50% or more at-risk  
 22 students, multiply the number of at-risk students included in the  
 23 enrollment of the school district by 0.105; ~~or~~

24 ~~(2) (A)~~ if the enrollment of a school in the school district is at least  
 25 35% at-risk students, but less than 50% at-risk students:

26 ~~(i)~~ Subtract 35% from the percentage of at-risk students included in  
 27 the enrollment of such school;

28 ~~(ii)~~ multiply the difference determined under subsection (b)(2)(A)(i)  
 29 by 0.7; and

30 ~~(iii)~~ multiply the product determined under subsection (b)(2)(A)(ii)  
 31 by the number of at-risk students included in the enrollment of such  
 32 school; ~~or~~

33 ~~(B)~~ if the enrollment of a school in the school district is 50% or more  
 34 at-risk students, multiply the number of at-risk students included in the  
 35 enrollment of such school by 0.105; and

36 ~~(C)~~ add the products determined under subsections (b)(2)(A)(iii) and  
 37 (b)(2)(B) for each such school in the school district, respectively.

38 (3) The high-density at-risk weighting of the school district shall be  
 39 the greater of the product determined under subsection (b)(1) or the sum  
 40 determined under subsection (b)(2)(C).

41 ~~(4)~~ Commencing in school year 2018-2019, school districts that  
 42 qualify to receive the high-density at-risk weighting pursuant to this  
 43 section shall spend any money attributable to the school district's high-

1 density at-risk weighting on the at-risk best practices developed by the  
 2 state board pursuant to K.S.A. 2017 Supp. 72-5153(d), and amendments  
 3 thereto. If a school district that qualifies for the high-density at-risk  
 4 weighting does not spend such money on such best practices, the state  
 5 board shall notify the school district that it shall either spend such money  
 6 on such best practices or shall show improvement within five years of  
 7 notification. Improvement shall include, but not be limited to, the  
 8 following: (A) The percentage of students at grade level on state math and  
 9 English language arts assessments; (B) the percentage of students that are  
 10 college and career ready on state math and English language arts  
 11 assessments; (C) the average composite ACT score; or (D) the four-year  
 12 graduation rate. If a school district does not spend such money on such  
 13 best practices and does not show improvement within five years, the  
 14 school district shall not qualify to receive the high-density at-risk  
 15 weighting in the succeeding school year.

16 ~~(5) The provisions of this subsection shall expire on July 1, 2019. The~~  
 17 ~~resulting product is the high-density at-risk student weighting of the school~~  
 18 ~~district.~~

19 Sec. 14. K.S.A. 2017 Supp. 72-5153 is hereby amended to read as  
 20 follows: 72-5153. (a) There is hereby established in every school district  
 21 an at-risk education fund, which shall consist of all moneys deposited  
 22 therein or transferred thereto according to law. The expenses of a school  
 23 district directly attributable to providing at-risk student assistance or  
 24 programs shall be paid from the at-risk education fund.

25 (b) Any balance remaining in the at-risk education fund at the end of  
 26 the budget year shall be carried forward into the at-risk education fund for  
 27 succeeding budget years. Such fund shall not be subject to the provisions  
 28 of K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing  
 29 the budget of such school district, the amounts credited to and the amount  
 30 on hand in the at-risk education fund, and the amount expended therefrom  
 31 shall be included in the annual budget for the information of the residents  
 32 of the school district. Interest earned on the investment of moneys in any  
 33 such fund shall be credited to that fund.

34 ~~(c) Commencing in school year 2018-2019, Expenditures from the at-~~  
 35 ~~risk education fund of a school district shall only be made for the~~  
 36 ~~following purposes:~~

37 (1) ~~At-risk educational programs based on best practices identified~~  
 38 ~~pursuant to subsection (d) approved by the state board;~~

39 (2) ~~personnel providing educational services in conjunction with such~~  
 40 ~~programs; or~~

41 (3) ~~services contracted for by the school district to provide at-risk~~  
 42 ~~educational programs based on best practices identified pursuant to~~  
 43 ~~subsection (d); or~~



1       (4) *assistance or programs provided for students who are identified*  
 2 *as at-risk pursuant to policies and procedures adopted by the state board.*

3       (d) ~~On or before July 1, 2018, the state board shall identify and~~  
 4 ~~approve evidence-based best practices for at-risk programs and instruction~~  
 5 ~~of students receiving at-risk program services. The state board shall review~~  
 6 ~~and update such best practices as part of its five-year accreditation system~~  
 7 ~~review process.~~

8       (e) ~~Each year the board of education of each school district shall~~  
 9 ~~prepare and submit to the state board a report on the assistance or~~  
 10 ~~programs provided by the school district for students identified as at-risk.~~  
 11 ~~Such report shall include the number of students identified as at-risk who~~  
 12 ~~were served or provided assistance, the type of service provided, the~~  
 13 ~~research upon which the school district relied in determining that a need~~  
 14 ~~for service or assistance existed, the results of providing such service or~~  
 15 ~~assistance and any other information required by the state board.~~

16       (f) (e) In order to achieve uniform reporting of the number of students  
 17 provided service or assistance by school districts in at-risk student  
 18 programs, school districts shall report the number of students served or  
 19 assisted in the manner required by the state board.

20       Sec. 15. K.S.A. 2017 Supp. 72-5155 is hereby amended to read as  
 21 follows: 72-5155. (a) The career technical education weighting of each  
 22 school district shall be determined by the state board by multiplying the  
 23 full-time equivalent enrollment in approved career technical education  
 24 programs during the preceding school year by 0.5. The resulting product is  
 25 the career technical education weighting of the school district.

26       (b) The provisions of this section shall expire on July 1, ~~2019~~ 2018.

27       Sec. 16. K.S.A. 2017 Supp. 72-5171 is hereby amended to read as  
 28 follows: 72-5171. (a) On or before January 15 of each year, the state  
 29 department of education shall prepare and submit reports on school district  
 30 funding for each school district to the governor and the legislature.

31       (b) Each report shall contain the information described in subsection  
 32 (c) for the school district in terms of actual dollar amounts for the ~~second~~  
 33 *current* and immediately preceding school years and budgeted dollar  
 34 amounts for the ~~current~~ *immediately preceding* school year.

35       (c) Each report shall contain the following information for the school  
 36 district:

37       (1) Full-time equivalent enrollment;

38       (2) ~~demographic information, including, but not limited to, gender,~~  
 39 ~~race, ethnicity, students who are economically disadvantaged, migrants,~~  
 40 ~~English language learners and students with disabilities;~~

41       (3) ~~total general and supplemental general funds, including a showing~~  
 42 ~~of funding provided by federal sources, state sources and local sources,~~  
 43 ~~and total funds per student;~~

1       ~~(4)~~ (3) total capital outlay funds, including a showing of such funding  
2 provided by federal sources, state sources and local sources, and capital  
3 outlay funds per student;

4       ~~(5)~~ (4) total bond and interest funds, including a showing of such  
5 funding provided by federal sources, state sources and local sources, and  
6 bond and interest funds per student;

7       ~~(6)~~ (5) total of all other funds not described in paragraphs ~~(3), (4) and~~  
8 ~~(5)~~ (2), (3) and (4), excluding fund transfers, including a showing of such  
9 funding provided by federal sources, state sources and local sources, and  
10 total funds per student;

11       ~~(7)~~ total funds per student of all funds described in paragraphs (3)-  
12 through (6);

13       ~~(8)~~ (6) general fund moneys attributable to the following:

14       (A) BASE aid;

15       (B) high-enrollment weighting;

16       ~~(C)~~ low enrollment weighting;

17       ~~(D)~~ (C) school facilities weighting;

18       ~~(E)~~ (D) transportation weighting;

19       ~~(F)~~ (E) at-risk student weighting;

20       ~~(G)~~ (F) preschool-aged at-risk student weighting;

21       ~~(H)~~ (G) high-density at-risk student weighting;

22       ~~(I)~~ (H) career technical education weighting;

23       ~~(J)~~ (I) special education and related services weighting;

24       ~~(K)~~ (J) bilingual weighting;

25       ~~(L)~~ (K) ancillary school facilities weighting;

26       ~~(M)~~ (L) cost-of-living weighting;

27       ~~(N)~~ (M) declining enrollment weighting; and

28       ~~(O)~~ (N) virtual school state aid; and

29       (9) total expenditures ~~on the following~~ from each of the following  
30 funds:

31       (A) At-risk education ~~programs and services fund~~;

32       (B) preschool-aged at-risk education ~~programs and services fund~~;

33       (C) bilingual education ~~programs and services fund~~;

34       (D) career and technical education ~~programs and services fund~~;

35       (E) special education ~~and related services fund~~; and

36       (F) virtual school ~~programs and services fund~~; and

37       ~~(10)~~ (G) total expenditures from the special retirement contributions  
38 fund.

39       ~~(d) The state board shall provide uniform guidelines for what~~  
40 ~~constitutes total expenditures for the programs and services listed under~~  
41 ~~subsection (e)(9).~~

42       Sec. 17. K.S.A. 2017 Supp. 72-53,113 is hereby amended to read as  
43 follows: 72-53,113. (a) The board of education of any school district may

1 make an annual tax levy at a mill rate not to exceed the statutorily  
 2 prescribed mill rate upon the taxable tangible property in the school  
 3 district for the purposes specified in this act and, with respect to any  
 4 redevelopment district established prior to July 1, 2017, pursuant to K.S.A.  
 5 12-1771, and amendments thereto, for the purpose of paying a portion of  
 6 the principal and interest on bonds issued by cities under the authority of  
 7 K.S.A. 12-1774, and amendments thereto, for the financing of  
 8 redevelopment projects upon property located within the school district.  
 9 No levy shall be made under this act until a resolution is adopted by the  
 10 board of education in the following form:

11 Unified School District No. \_\_\_\_\_,  
 12 \_\_\_\_\_ County, Kansas.

13 RESOLUTION

14 Be It Resolved that:

15 The above-named school board shall be authorized to make an annual  
 16 tax levy in an amount not to exceed \_\_\_\_\_ mills upon the taxable tangible  
 17 property in the school district for the purpose of acquisition, construction,  
 18 reconstruction, repair, remodeling, additions to, furnishing, maintaining  
 19 and equipping of school district property and equipment necessary for  
 20 school district purposes, including: (1) Computer software; (2)  
 21 performance uniforms; (3) housing and boarding pupils enrolled in an area  
 22 vocational school operated under the board; (4) architectural expenses; (5)  
 23 building sites; (6) undertaking and maintenance of asbestos control  
 24 projects; (7) school buses; ~~and (8) utility expenses; (9) property and~~  
 25 ~~casualty insurance; and (10) other fixed assets,~~ and with respect to any  
 26 redevelopment district established prior to July 1, 2017, pursuant to K.S.A.  
 27 12-1771, and amendments thereto, for the purpose of paying a portion of  
 28 the principal and interest on bonds issued by cities under the authority of  
 29 K.S.A. 12-1774, and amendments thereto, for the financing of  
 30 redevelopment projects upon property located within the school district.  
 31 The tax levy authorized by this resolution may be made, unless a petition  
 32 in opposition to the same, signed by not less than 10% of the qualified  
 33 electors of the school district, is filed with the county election officer of  
 34 the home county of the school district within 40 calendar days after the last  
 35 publication of this resolution. In the event a petition is filed, the county  
 36 election officer shall submit the question of whether the tax levy shall be  
 37 authorized to the electors in the school district at an election called for that  
 38 purpose or at the next general election, as is specified by the board of  
 39 education of the above school district.

40 CERTIFICATE

41 This is to certify that the above resolution was duly adopted by the  
 42 board of education of Unified School District No. \_\_\_\_\_,  
 43 County, Kansas, on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

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Clerk of the board of education.

All of the blanks in the above resolution shall be appropriately filled. The blank preceding the word "mills" shall be filled with a specific number. The resolution shall be published once a week for two consecutive weeks in a newspaper having general circulation in the school district. If no petition as specified above is filed in accordance with the provisions of the resolution, the board of education may make the tax levy specified in the resolution. If a petition is filed as provided in the resolution, the board of education may notify the county election officer of the date of an election to be held to submit the question of whether the tax levy shall be authorized. If the board of education fails to notify the county election officer within 60 calendar days after a petition is filed, the resolution shall be deemed abandoned and no like resolution shall be adopted by the board of education within the nine months following the first publication of the resolution.

(b) As used in this act:

(1) "Unconditionally authorized to make a capital outlay tax levy" means that the school district has adopted a resolution under this section, has published the same, and either that the resolution was not protested or that it was protested and an election has been held by which the tax levy specified in the resolution was approved;

(2) "statutorily prescribed mill rate" means: (A) Eight mills; (B) the mill levy rate in excess of eight mills if the resolution fixing such rate was approved at an election prior to the effective date of this act; or (C) the mill levy rate in excess of eight mills if no petition or no sufficient petition was filed in protest to a resolution fixing such rate in excess of eight mills and the protest period for filing such petition has expired;

(3) "asbestos control project" means any activity which is necessary or incidental to the control of asbestos-containing material in buildings of school districts and includes, but not by way of limitation, any activity undertaken for the removal or encapsulation of asbestos-containing material, for any remodeling, renovation, replacement, rehabilitation or other restoration necessitated by such removal or encapsulation, for conducting inspections, reinspections and periodic surveillance of buildings, performing response actions, and developing, implementing and updating operations and maintenance programs and management plans;

(4) "asbestos" means the asbestiform varieties of chrysotile (serpentine), crocidolite (riebeckite), amosite (cummingtonitegrunerite), anthophyllite, tremolite, and actinolite; and

(5) "asbestos-containing material" means any material or product which contains more than 1% asbestos.

Sec. 18. K.S.A. 2017 Supp. 72-53,116 is hereby amended to read as

1 follows: 72-53,116. (a) Any moneys in the capital outlay fund of any  
2 school district and any moneys received from issuance of bonds under  
3 K.S.A. 2017 Supp. 72-53,117 or 72-53,122, and amendments thereto, may  
4 be used for the purpose of the acquisition, construction, reconstruction,  
5 repair, remodeling, additions to, furnishing, maintaining and equipping of  
6 school district property and equipment necessary for school district  
7 purposes, including: (1) Computer software; (2) performance uniforms; (3)  
8 housing and boarding pupils enrolled in an area vocational school operated  
9 under the board of education; (4) architectural expenses; (5) building sites;  
10 (6) undertaking and maintenance of asbestos control projects; (7) school  
11 buses; *and* (8) utility expenses; (9) property and casualty insurance; and  
12 (10) other fixed assets.

13 (b) The board of education of any school district is hereby authorized  
14 to invest any portion of the capital outlay fund of the school district which  
15 is not currently needed in investments authorized by K.S.A. 12-1675, and  
16 amendments thereto, in the manner prescribed therein, or may invest the  
17 same in direct obligations of the United States government maturing or  
18 redeemable at par and accrued interest within three years from date of  
19 purchase, the principal and interest whereof is guaranteed by the  
20 government of the United States. All interest received on any such  
21 investment shall upon receipt thereof be credited to the capital outlay fund.

22 Sec. 19. K.S.A. 2017 Supp. 72-5461 is hereby amended to read as  
23 follows: 72-5461. (a) Upon receiving an application under K.S.A. 2017  
24 Supp. 72-5460, and amendments thereto, the state board of education shall  
25 review the application and examine the evidence furnished in support of  
26 the application.

27 ~~(b) (1) Commencing in school year 2017-2018, the state board of~~  
28 ~~education shall not approve any application submitted during the current~~  
29 ~~school year if such approval would result in the aggregate amount of all~~  
30 ~~general obligation bonds approved by the state board for such school year~~  
31 ~~exceeding the aggregate principal amount of all general obligation bonds~~  
32 ~~retired in the immediately preceding school year. In determining whether~~  
33 ~~to approve an application, the state board shall prioritize applications in~~  
34 ~~accordance with the priorities set forth as follows in order of highest~~  
35 ~~priority to lowest priority:~~

36 ~~(A) Safety of the current facility and disability access to such facility~~  
37 ~~as demonstrated by a state fire marshal report, an inspection under the~~  
38 ~~Americans with disabilities act, 42 U.S.C. § 12101 et seq., or other similar~~  
39 ~~evaluation;~~

40 ~~(B) enrollment growth and imminent overcrowding as demonstrated~~  
41 ~~by successive increases in enrollment of the school district in the~~  
42 ~~immediately preceding three school years;~~

43 ~~(C) impact on the delivery of educational services as demonstrated by~~

1 ~~restrictive inflexible design or limitations on installation of technology;~~  
2 ~~and~~

3 ~~(D) energy usage and other operational inefficiencies as demonstrated~~  
4 ~~by a district-wide energy usage analysis, district-wide architectural~~  
5 ~~analysis or other similar evaluation.~~

6 ~~(2) The state board shall not consider a school district's eligibility for~~  
7 ~~capital improvement state aid, or the amount of capital improvement state~~  
8 ~~aid a school district would be eligible to receive, in determining whether to~~  
9 ~~approve such district's application.~~

10 ~~(3) The provisions of subsection (b)(1) shall not apply to school~~  
11 ~~districts that have not issued any general obligation bonds in the 25 years~~  
12 ~~prior to the current school year.~~

13 ~~(e) (b) After reviewing the application and examining the supportive~~  
14 ~~evidence, the state board of education shall issue an order either granting~~  
15 ~~or denying the application. If the application is approved, the applicant~~  
16 ~~board of education shall request the county election officer to hold an~~  
17 ~~election to vote upon the question of issuing the increased amount of~~  
18 ~~bonds in the manner provided by law.~~

19 ~~(d) Any application that is denied pursuant to subsection (b) may be~~  
20 ~~tentatively approved by the state board of education for the immediately~~  
21 ~~succeeding school year. The amount of general obligation bonds approved~~  
22 ~~in any such application shall be counted first towards the aggregate~~  
23 ~~amount of all general obligation bonds approved by the state board for~~  
24 ~~such school year.~~

25 ~~(e) Commencing in school year 2017-2018, the state board of~~  
26 ~~education shall determine the aggregate principal amount of general~~  
27 ~~obligation bonds retired in the immediately preceding school year.~~

28 ~~(f) The provisions of subsections (b), (d) and (e) shall expire on June~~  
29 ~~30, 2022.~~

30 Sec. 20. K.S.A. 2017 Supp. 72-5462 is hereby amended to read as  
31 follows: 72-5462. (a) There is hereby established in the state treasury the  
32 school district capital improvements fund. The fund shall consist of all  
33 amounts transferred thereto under the provisions of subsection (c).

34 (b) In each school year, each school district which is obligated to  
35 make payments from its capital improvements fund shall be entitled to  
36 receive payment from the school district capital improvements fund in an  
37 amount determined by the state board of education as provided in this  
38 subsection.

39 (1) For general obligation bonds approved for issuance at an election  
40 held prior to July 1, 2015, the state board of education shall:

41 (A) Determine the amount of the assessed valuation per pupil (AVPP)  
42 of each school district in the state for the preceding school year and round  
43 such amount to the nearest \$1,000. The rounded amount is the AVPP of a

1 school district for the purposes of this subsection (b)(1);

2 (B) determine the median AVPP of all school districts;

3 (C) prepare a schedule of dollar amounts using the amount of the  
4 median AVPP of all school districts as the point of beginning. The  
5 schedule of dollar amounts shall range upward in equal \$1,000 intervals  
6 from the point of beginning to and including an amount that is equal to the  
7 amount of the AVPP of the school district with the highest AVPP of all  
8 school districts and shall range downward in equal \$1,000 intervals from  
9 the point of beginning to and including an amount that is equal to the  
10 amount of the AVPP of the school district with the lowest AVPP of all  
11 school districts;

12 (D) determine a state aid percentage factor for each school district by  
13 assigning a state aid computation percentage to the amount of the median  
14 AVPP shown on the schedule, decreasing the state aid computation  
15 percentage assigned to the amount of the median AVPP by one percentage  
16 point for each \$1,000 interval above the amount of the median AVPP, and  
17 increasing the state aid computation percentage assigned to the amount of  
18 the median AVPP by one percentage point for each \$1,000 interval below  
19 the amount of the median AVPP. Except as provided by K.S.A. 2017 Supp.  
20 72-5463, and amendments thereto, the state aid percentage factor of a  
21 school district is the percentage assigned to the schedule amount that is  
22 equal to the amount of the AVPP of the school district. The state aid  
23 percentage factor of a school district shall not exceed 100%. The state aid  
24 computation percentage is 25%;

25 (E) determine the amount of payments that a school district is  
26 obligated to make from its bond and interest fund attributable to general  
27 obligation bonds approved for issuance at an election held prior to July 1,  
28 2015; and

29 (F) multiply the amount determined under subsection (b)(1)(E) by the  
30 applicable state aid percentage factor.

31 (2) For general obligation bonds approved for issuance at an election  
32 held on or after July 1, 2015, the state board of education shall:

33 (A) Determine the amount of the AVPP of each school district in the  
34 state for the preceding school year and round such amount to the nearest  
35 \$1,000. The rounded amount is the AVPP of a school district for the  
36 purposes of this subsection (b)(2);

37 (B) prepare a schedule of dollar amounts using the amount of the  
38 AVPP of the school district with the lowest AVPP of all school districts as  
39 the point of beginning. The schedule of dollar amounts shall range upward  
40 in equal \$1,000 intervals from the point of beginning to and including an  
41 amount that is equal to the amount of the AVPP of the school district with  
42 the highest AVPP of all school districts;

43 (C) determine a state aid percentage factor for each school district by

1 assigning a state aid computation percentage to the amount of the lowest  
2 AVPP shown on the schedule and decreasing the state aid computation  
3 percentage assigned to the amount of the lowest AVPP by one percentage  
4 point for each \$1,000 interval above the amount of the lowest AVPP.  
5 Except as provided by K.S.A. 2017 Supp. 72-5463, and amendments  
6 thereto, the state aid percentage factor of a school district is the percentage  
7 assigned to the schedule amount that is equal to the amount of the AVPP of  
8 the school district. The state aid computation percentage is 75%;

9 (D) determine the amount of payments that a school district is  
10 obligated to make from its bond and interest fund attributable to general  
11 obligation bonds approved for issuance at an election held on or after July  
12 1, 2015; and

13 (E) multiply the amount determined under subsection (b)(2)(D) by  
14 the applicable state aid percentage factor.

15 (3) For general obligation bonds approved for issuance at an election  
16 held on or before June 30, 2016, the sum of the amount determined under  
17 subsection (b)(1)(F) and the amount determined under subsection (b)(2)(E)  
18 is the amount of payment the school district is entitled to receive from the  
19 school district capital improvements fund in the school year.

20 (4) For general obligation bonds approved for issuance at an election  
21 held on or after July 1, 2016, the amount determined under subsection (b)  
22 (2)(E) is the amount of payment the school district shall receive from the  
23 school district capital improvements fund in the school year, except the  
24 total amount of payments school districts receive from the school district  
25 capital improvements fund in the school year for such bonds shall not  
26 exceed the six-year average amount of capital improvement state aid as  
27 determined by the state board of education.

28 (A) The state board of education shall determine the six-year average  
29 amount of capital improvement state aid by calculating the average of the  
30 total amount of moneys expended per year from the school district capital  
31 improvements fund in the immediately preceding six fiscal years, not to  
32 include the current fiscal year.

33 (B) (i) Subject to clause (ii), the state board of education shall  
34 prioritize the allocations to school districts from the school district capital  
35 improvements fund in accordance with the priorities set forth as follows in  
36 order of highest priority to lowest priority:

37 (a) Safety of the current facility and disability access to such facility  
38 as demonstrated by a state fire marshal report, an inspection under the  
39 Americans with disabilities act, 42 U.S.C. § 12101 et seq., or other similar  
40 evaluation;

41 (b) enrollment growth and imminent overcrowding as demonstrated  
42 by successive increases in enrollment of the school district in the  
43 immediately preceding three school years;



1 (c) impact on the delivery of educational services as demonstrated by  
2 restrictive inflexible design or limitations on installation of technology;  
3 and

4 (d) energy usage and other operational inefficiencies as demonstrated  
5 by a district-wide energy usage analysis, district-wide architectural  
6 analysis or other similar evaluation.

7 (ii) In allocating capital improvement state aid, the state board shall  
8 give higher priority to those school districts with a lower AVPP compared  
9 to the other school districts that are to receive capital improvement state  
10 aid under this section.

11 (C) On and after July 1, 2016, the state board of education shall  
12 approve the amount of state aid payments a school district shall receive  
13 from the school district capital improvements fund pursuant to subsection  
14 (b)(5) prior to an election to approve the issuance of general obligation  
15 bonds.

16 (5) Except as provided in ~~subsections~~ subsection (b)(6) and (b)(7), the  
17 sum of the amounts determined under subsection (b)(3) and the amount  
18 determined or allocated to the district by the state board of education  
19 pursuant to subsection (b)(4), is the amount of payment the school district  
20 is entitled to receive from the school district capital improvements fund in  
21 the school year.

22 (6) A school district that had an enrollment of less than 260 students  
23 in the school year immediately preceding the school year in which an  
24 election is held to approve the issuance of general obligation bonds shall  
25 not be entitled to receive payments from the school district capital  
26 improvements fund unless such school district applied for and received  
27 approval from the state board of education to issue such bonds prior to  
28 holding an election to approve such bond issuance. The provisions of this  
29 paragraph shall apply to general obligation bonds approved for issuance at  
30 an election held on or after July 1, 2017, that are issued for the purpose of  
31 financing the construction of new school facilities.

32 ~~(7) For general obligation bonds approved for issuance at an election~~  
33 ~~held on or after July 1, 2017, in determining the amount under subsection~~  
34 ~~(b)(2)(D), the state board shall exclude payments for any capital~~  
35 ~~improvement project, or portion thereof, that proposes to construct,~~  
36 ~~reconstruct or remodel a facility that would be used primarily for~~  
37 ~~extracurricular activities, unless the construction, reconstruction or~~  
38 ~~remodeling of such facility is necessary due to concerns relating to the~~  
39 ~~safety of the current facility or disability access to such facility as~~  
40 ~~demonstrated by a state fire marshal report, an inspection under the~~  
41 ~~Americans with disabilities act, 42 U.S.C. § 12101 et seq., or other similar~~  
42 ~~evaluation.~~

43 (c) The state board of education shall certify to the director of

1 accounts and reports the entitlements of school districts determined under  
2 the provisions of subsection (b), and an amount equal thereto shall be  
3 transferred by the director from the state general fund to the school district  
4 capital improvements fund for distribution to school districts. All transfers  
5 made in accordance with the provisions of this subsection shall be  
6 considered to be demand transfers from the state general fund, except that  
7 all such transfers during the fiscal years ending June 30, 2017, June 30,  
8 2018, and June 30, 2019, shall be considered to be revenue transfers from  
9 the state general fund.

10 (d) Payments from the school district capital improvements fund shall  
11 be distributed to school districts at times determined by the state board of  
12 education to be necessary to assist school districts in making scheduled  
13 payments pursuant to contractual bond obligations. The state board of  
14 education shall certify to the director of accounts and reports the amount  
15 due each school district entitled to payment from the fund, and the director  
16 of accounts and reports shall draw a warrant on the state treasurer payable  
17 to the treasurer of the school district. Upon receipt of the warrant, the  
18 treasurer of the school district shall credit the amount thereof to the bond  
19 and interest fund of the school district to be used for the purposes of such  
20 fund.

21 (e) The provisions of this section apply only to contractual  
22 obligations incurred by school districts pursuant to general obligation  
23 bonds issued upon approval of a majority of the qualified electors of the  
24 school district voting at an election upon the question of the issuance of  
25 such bonds.

26 (f) On or before the first day of the legislative session in 2017, and  
27 each year thereafter, the state board of education shall prepare and submit  
28 a report to the legislature that includes information on school district  
29 elections held on or after July 1, 2016, to approve the issuance of general  
30 obligation bonds and the amount of payments school districts were  
31 approved to receive from the school district capital improvements fund  
32 pursuant to subsection (b)(4)(C).

33 Sec. 21. K.S.A. 2017 Supp. 79-32,117 is hereby amended to read as  
34 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual  
35 means such individual's federal adjusted gross income for the taxable year,  
36 with the modifications specified in this section.

37 (b) There shall be added to federal adjusted gross income:

38 (i) Interest income less any related expenses directly incurred in the  
39 purchase of state or political subdivision obligations, to the extent that the  
40 same is not included in federal adjusted gross income, on obligations of  
41 any state or political subdivision thereof, but to the extent that interest  
42 income on obligations of this state or a political subdivision thereof issued  
43 prior to January 1, 1988, is specifically exempt from income tax under the

1 laws of this state authorizing the issuance of such obligations, it shall be  
2 excluded from computation of Kansas adjusted gross income whether or  
3 not included in federal adjusted gross income. Interest income on  
4 obligations of this state or a political subdivision thereof issued after  
5 December 31, 1987, shall be excluded from computation of Kansas  
6 adjusted gross income whether or not included in federal adjusted gross  
7 income.

8 (ii) Taxes on or measured by income or fees or payments in lieu of  
9 income taxes imposed by this state or any other taxing jurisdiction to the  
10 extent deductible in determining federal adjusted gross income and not  
11 credited against federal income tax. This paragraph shall not apply to taxes  
12 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and  
13 amendments thereto, for privilege tax year 1995, and all such years  
14 thereafter.

15 (iii) The federal net operating loss deduction, except that the federal  
16 net operating loss deduction shall not be added to an individual's federal  
17 adjusted gross income for tax years beginning after December 31, 2016.

18 (iv) Federal income tax refunds received by the taxpayer if the  
19 deduction of the taxes being refunded resulted in a tax benefit for Kansas  
20 income tax purposes during a prior taxable year. Such refunds shall be  
21 included in income in the year actually received regardless of the method  
22 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall  
23 be deemed to have resulted if the amount of the tax had been deducted in  
24 determining income subject to a Kansas income tax for a prior year  
25 regardless of the rate of taxation applied in such prior year to the Kansas  
26 taxable income, but only that portion of the refund shall be included as  
27 bears the same proportion to the total refund received as the federal taxes  
28 deducted in the year to which such refund is attributable bears to the total  
29 federal income taxes paid for such year. For purposes of the foregoing  
30 sentence, federal taxes shall be considered to have been deducted only to  
31 the extent such deduction does not reduce Kansas taxable income below  
32 zero.

33 (v) The amount of any depreciation deduction or business expense  
34 deduction claimed on the taxpayer's federal income tax return for any  
35 capital expenditure in making any building or facility accessible to the  
36 handicapped, for which expenditure the taxpayer claimed the credit  
37 allowed by K.S.A. 79-32,177, and amendments thereto.

38 (vi) Any amount of designated employee contributions picked up by  
39 an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,  
40 and amendments thereto.

41 (vii) The amount of any charitable contribution made to the extent the  
42 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-  
43 32,196, and amendments thereto.

1 (viii) The amount of any costs incurred for improvements to a swine  
2 facility, claimed for deduction in determining federal adjusted gross  
3 income, to the extent the same is claimed as the basis for any credit  
4 allowed pursuant to K.S.A. 2017 Supp. 79-32,204, and amendments  
5 thereto.

6 (ix) The amount of any ad valorem taxes and assessments paid and  
7 the amount of any costs incurred for habitat management or construction  
8 and maintenance of improvements on real property, claimed for deduction  
9 in determining federal adjusted gross income, to the extent the same is  
10 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203,  
11 and amendments thereto.

12 (x) Amounts received as nonqualified withdrawals, as defined by  
13 K.S.A. 2017 Supp. 75-643, and amendments thereto, if, at the time of  
14 contribution to a family postsecondary education savings account, such  
15 amounts were subtracted from the federal adjusted gross income pursuant  
16 to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts  
17 are not already included in the federal adjusted gross income.

18 (xi) The amount of any contribution made to the same extent the  
19 same is claimed as the basis for the credit allowed pursuant to K.S.A. 2017  
20 Supp. 74-50,154, and amendments thereto.

21 (xii) For taxable years commencing after December 31, 2004,  
22 amounts received as withdrawals not in accordance with the provisions of  
23 K.S.A. 2017 Supp. 74-50,204, and amendments thereto, if, at the time of  
24 contribution to an individual development account, such amounts were  
25 subtracted from the federal adjusted gross income pursuant to subsection  
26 (c)(xiii), or if such amounts are not already included in the federal adjusted  
27 gross income.

28 (xiii) The amount of any expenditures claimed for deduction in  
29 determining federal adjusted gross income, to the extent the same is  
30 claimed as the basis for any credit allowed pursuant to K.S.A. 2017 Supp.  
31 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

32 (xiv) The amount of any amortization deduction claimed in  
33 determining federal adjusted gross income to the extent the same is  
34 claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,221, and  
35 amendments thereto.

36 (xv) The amount of any expenditures claimed for deduction in  
37 determining federal adjusted gross income, to the extent the same is  
38 claimed as the basis for any credit allowed pursuant to K.S.A. 2017 Supp.  
39 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233  
40 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-  
41 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

42 (xvi) The amount of any amortization deduction claimed in  
43 determining federal adjusted gross income to the extent the same is

1 claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,227, 79-  
2 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments  
3 thereto.

4 (xvii) The amount of any amortization deduction claimed in  
5 determining federal adjusted gross income to the extent the same is  
6 claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,256, and  
7 amendments thereto.

8 (xviii) For taxable years commencing after December 31, 2006, the  
9 amount of any ad valorem or property taxes and assessments paid to a state  
10 other than Kansas or local government located in a state other than Kansas  
11 by a taxpayer who resides in a state other than Kansas, when the law of  
12 such state does not allow a resident of Kansas who earns income in such  
13 other state to claim a deduction for ad valorem or property taxes or  
14 assessments paid to a political subdivision of the state of Kansas in  
15 determining taxable income for income tax purposes in such other state, to  
16 the extent that such taxes and assessments are claimed as an itemized  
17 deduction for federal income tax purposes.

18 (xix) For taxable years beginning after December 31, 2012, and  
19 ending before January 1, 2017, the amount of any: (1) Loss from business  
20 as determined under the federal internal revenue code and reported from  
21 schedule C and on line 12 of the taxpayer's form 1040 federal individual  
22 income tax return; (2) loss from rental real estate, royalties, partnerships, S  
23 corporations, except those with wholly owned subsidiaries subject to the  
24 Kansas privilege tax, estates, trusts, residual interest in real estate  
25 mortgage investment conduits and net farm rental as determined under the  
26 federal internal revenue code and reported from schedule E and on line 17  
27 of the taxpayer's form 1040 federal individual income tax return; and (3)  
28 farm loss as determined under the federal internal revenue code and  
29 reported from schedule F and on line 18 of the taxpayer's form 1040  
30 federal income tax return; all to the extent deducted or subtracted in  
31 determining the taxpayer's federal adjusted gross income. For purposes of  
32 this subsection, references to the federal form 1040 and federal schedule  
33 C, schedule E, and schedule F, shall be to such form and schedules as they  
34 existed for tax year 2011, and as revised thereafter by the internal revenue  
35 service.

36 (xx) For taxable years beginning after December 31, 2012, and  
37 ending before January 1, 2017, the amount of any deduction for self-  
38 employment taxes under section 164(f) of the federal internal revenue  
39 code as in effect on January 1, 2012, and amendments thereto, in  
40 determining the federal adjusted gross income of an individual taxpayer, to  
41 the extent the deduction is attributable to income reported on schedule C,  
42 E or F and on line 12, 17 or 18 of the taxpayer's form 1040 federal income  
43 tax return.

1 (xxi) For taxable years beginning after December 31, 2012, and  
2 ending before January 1, 2017, the amount of any deduction for pension,  
3 profit sharing, and annuity plans of self-employed individuals under  
4 section 62(a)(6) of the federal internal revenue code as in effect on January  
5 1, 2012, and amendments thereto, in determining the federal adjusted gross  
6 income of an individual taxpayer.

7 (xxii) For taxable years beginning after December 31, 2012, and  
8 ending before January 1, 2017, the amount of any deduction for health  
9 insurance under section 162(l) of the federal internal revenue code as in  
10 effect on January 1, 2012, and amendments thereto, in determining the  
11 federal adjusted gross income of an individual taxpayer.

12 (xxiii) For taxable years beginning after December 31, 2012, and  
13 ending before January 1, 2017, the amount of any deduction for domestic  
14 production activities under section 199 of the federal internal revenue code  
15 as in effect on January 1, 2012, and amendments thereto, in determining  
16 the federal adjusted gross income of an individual taxpayer.

17 (xxiv) For taxable years commencing after December 31, 2013, that  
18 portion of the amount of any expenditure deduction claimed in  
19 determining federal adjusted gross income for expenses paid for medical  
20 care of the taxpayer or the taxpayer's spouse or dependents when such  
21 expenses were paid or incurred for an abortion, or for a health benefit plan,  
22 as defined in K.S.A. 2017 Supp. 65-6731, and amendments thereto, for the  
23 purchase of an optional rider for coverage of abortion in accordance with  
24 K.S.A. 2017 Supp. 40-2,190, and amendments thereto, to the extent that  
25 such taxes and assessments are claimed as an itemized deduction for  
26 federal income tax purposes.

27 (xxv) For taxable years commencing after December 31, 2013, that  
28 portion of the amount of any expenditure deduction claimed in  
29 determining federal adjusted gross income for expenses paid by a taxpayer  
30 for health care when such expenses were paid or incurred for abortion  
31 coverage, a health benefit plan, as defined in K.S.A. 2017 Supp. 65-6731,  
32 and amendments thereto, when such expenses were paid or incurred for  
33 abortion coverage or amounts contributed to health savings accounts for  
34 such taxpayer's employees for the purchase of an optional rider for  
35 coverage of abortion in accordance with K.S.A. 2017 Supp. 40-2,190, and  
36 amendments thereto, to the extent that such taxes and assessments are  
37 claimed as a deduction for federal income tax purposes.

38 (xxvi) *For all taxable years beginning after December 31, 2016, and*  
39 *ending before January 1, 2018, the amount of any charitable contribution*  
40 *made to the extent the same is claimed as the basis for the credit allowed*  
41 *pursuant to K.S.A. 2017 Supp. 72-4357, and amendments thereto, and is*  
42 *also claimed as an itemized deduction for federal income tax purposes.*

43 (c) There shall be subtracted from federal adjusted gross income:

1 (i) Interest or dividend income on obligations or securities of any  
2 authority, commission or instrumentality of the United States and its  
3 possessions less any related expenses directly incurred in the purchase of  
4 such obligations or securities, to the extent included in federal adjusted  
5 gross income but exempt from state income taxes under the laws of the  
6 United States.

7 (ii) Any amounts received which are included in federal adjusted  
8 gross income but which are specifically exempt from Kansas income  
9 taxation under the laws of the state of Kansas.

10 (iii) The portion of any gain or loss from the sale or other disposition  
11 of property having a higher adjusted basis for Kansas income tax purposes  
12 than for federal income tax purposes on the date such property was sold or  
13 disposed of in a transaction in which gain or loss was recognized for  
14 purposes of federal income tax that does not exceed such difference in  
15 basis, but if a gain is considered a long-term capital gain for federal  
16 income tax purposes, the modification shall be limited to that portion of  
17 such gain which is included in federal adjusted gross income.

18 (iv) The amount necessary to prevent the taxation under this act of  
19 any annuity or other amount of income or gain which was properly  
20 included in income or gain and was taxed under the laws of this state for a  
21 taxable year prior to the effective date of this act, as amended, to the  
22 taxpayer, or to a decedent by reason of whose death the taxpayer acquired  
23 the right to receive the income or gain, or to a trust or estate from which  
24 the taxpayer received the income or gain.

25 (v) The amount of any refund or credit for overpayment of taxes on  
26 or measured by income or fees or payments in lieu of income taxes  
27 imposed by this state, or any taxing jurisdiction, to the extent included in  
28 gross income for federal income tax purposes.

29 (vi) Accumulation distributions received by a taxpayer as a  
30 beneficiary of a trust to the extent that the same are included in federal  
31 adjusted gross income.

32 (vii) Amounts received as annuities under the federal civil service  
33 retirement system from the civil service retirement and disability fund and  
34 other amounts received as retirement benefits in whatever form which  
35 were earned for being employed by the federal government or for service  
36 in the armed forces of the United States.

37 (viii) Amounts received by retired railroad employees as a  
38 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and  
39 228c (a)(1) et seq.

40 (ix) Amounts received by retired employees of a city and by retired  
41 employees of any board of such city as retirement allowances pursuant to  
42 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter  
43 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and

1 amendments thereto.

2 (x) For taxable years beginning after December 31, 1976, the amount  
3 of the federal tentative jobs tax credit disallowance under the provisions of  
4 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the  
5 amount of the targeted jobs tax credit and work incentive credit  
6 disallowances under 26 U.S.C. § 280 C.

7 (xi) For taxable years beginning after December 31, 1986, dividend  
8 income on stock issued by Kansas venture capital, inc.

9 (xii) For taxable years beginning after December 31, 1989, amounts  
10 received by retired employees of a board of public utilities as pension and  
11 retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249,  
12 and amendments thereto.

13 (xiii) For taxable years beginning after December 31, 2004, amounts  
14 contributed to and the amount of income earned on contributions deposited  
15 to an individual development account under K.S.A. 2017 Supp. 74-50,201  
16 et seq., and amendments thereto.

17 (xiv) For all taxable years commencing after December 31, 1996, that  
18 portion of any income of a bank organized under the laws of this state or  
19 any other state, a national banking association organized under the laws of  
20 the United States, an association organized under the savings and loan  
21 code of this state or any other state, or a federal savings association  
22 organized under the laws of the United States, for which an election as an  
23 S corporation under subchapter S of the federal internal revenue code is in  
24 effect, which accrues to the taxpayer who is a stockholder of such  
25 corporation and which is not distributed to the stockholders as dividends of  
26 the corporation. For taxable years beginning after December 31, 2012, and  
27 ending before January 1, 2017, the amount of modification under this  
28 subsection shall exclude the portion of income or loss reported on schedule  
29 E and included on line 17 of the taxpayer's form 1040 federal individual  
30 income tax return.

31 (xv) For all taxable years beginning after December 31, 2006,  
32 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a  
33 joint return, for each designated beneficiary which are contributed to a  
34 family postsecondary education savings account established under the  
35 Kansas postsecondary education savings program or a qualified tuition  
36 program established and maintained by another state or agency or  
37 instrumentality thereof pursuant to section 529 of the internal revenue  
38 code of 1986, as amended, for the purpose of paying the qualified higher  
39 education expenses of a designated beneficiary at an institution of  
40 postsecondary education. The terms and phrases used in this paragraph  
41 shall have the meaning respectively ascribed thereto by the provisions of  
42 K.S.A. 2017 Supp. 75-643, and amendments thereto, and the provisions of  
43 such section are hereby incorporated by reference for all purposes thereof.



1 (xvi) For all taxable years beginning after December 31, 2004,  
2 amounts received by taxpayers who are or were members of the armed  
3 forces of the United States, including service in the Kansas army and air  
4 national guard, as a recruitment, sign up or retention bonus received by  
5 such taxpayer as an incentive to join, enlist or remain in the armed services  
6 of the United States, including service in the Kansas army and air national  
7 guard, and amounts received for repayment of educational or student loans  
8 incurred by or obligated to such taxpayer and received by such taxpayer as  
9 a result of such taxpayer's service in the armed forces of the United States,  
10 including service in the Kansas army and air national guard.

11 (xvii) For all taxable years beginning after December 31, 2004,  
12 amounts received by taxpayers who are eligible members of the Kansas  
13 army and air national guard as a reimbursement pursuant to K.S.A. 48-  
14 281, and amendments thereto, and amounts received for death benefits  
15 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section  
16 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and  
17 amendments thereto, to the extent that such death benefits are included in  
18 federal adjusted gross income of the taxpayer.

19 (xviii) For the taxable year beginning after December 31, 2006,  
20 amounts received as benefits under the federal social security act which  
21 are included in federal adjusted gross income of a taxpayer with federal  
22 adjusted gross income of \$50,000 or less, whether such taxpayer's filing  
23 status is single, head of household, married filing separate or married filing  
24 jointly; and for all taxable years beginning after December 31, 2007,  
25 amounts received as benefits under the federal social security act which  
26 are included in federal adjusted gross income of a taxpayer with federal  
27 adjusted gross income of \$75,000 or less, whether such taxpayer's filing  
28 status is single, head of household, married filing separate or married filing  
29 jointly.

30 (xix) Amounts received by retired employees of Washburn university  
31 as retirement and pension benefits under the university's retirement plan.

32 (xx) For taxable years beginning after December 31, 2012, and  
33 ending before January 1, 2017, the amount of any: (1) Net profit from  
34 business as determined under the federal internal revenue code and  
35 reported from schedule C and on line 12 of the taxpayer's form 1040  
36 federal individual income tax return; (2) net income, not including  
37 guaranteed payments as defined in section 707(c) of the federal internal  
38 revenue code and as reported to the taxpayer from federal schedule K-1,  
39 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal  
40 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,  
41 partnerships, S corporations, estates, trusts, residual interest in real estate  
42 mortgage investment conduits and net farm rental as determined under the  
43 federal internal revenue code and reported from schedule E and on line 17

1 of the taxpayer's form 1040 federal individual income tax return; and (3)  
2 net farm profit as determined under the federal internal revenue code and  
3 reported from schedule F and on line 18 of the taxpayer's form 1040  
4 federal income tax return; all to the extent included in the taxpayer's  
5 federal adjusted gross income. For purposes of this subsection, references  
6 to the federal form 1040 and federal schedule C, schedule E, and schedule  
7 F, shall be to such form and schedules as they existed for tax year 2011  
8 and as revised thereafter by the internal revenue service.

9 (xxi) For all taxable years beginning after December 31, 2013,  
10 amounts equal to the unreimbursed travel, lodging and medical  
11 expenditures directly incurred by a taxpayer while living, or a dependent  
12 of the taxpayer while living, for the donation of one or more human organs  
13 of the taxpayer, or a dependent of the taxpayer, to another person for  
14 human organ transplantation. The expenses may be claimed as a  
15 subtraction modification provided for in this section to the extent the  
16 expenses are not already subtracted from the taxpayer's federal adjusted  
17 gross income. In no circumstances shall the subtraction modification  
18 provided for in this section for any individual, or a dependent, exceed  
19 \$5,000. As used in this section, "human organ" means all or part of a liver,  
20 pancreas, kidney, intestine, lung or bone marrow. The provisions of this  
21 paragraph shall take effect on the day the secretary of revenue certifies to  
22 the director of the budget that the cost for the department of revenue of  
23 modifications to the automated tax system for the purpose of  
24 implementing this paragraph will not exceed \$20,000.

25 (xxii) For taxable years beginning after December 31, 2012, and  
26 ending before January 1, 2017, the amount of net gain from the sale of: (1)  
27 Cattle and horses, regardless of age, held by the taxpayer for draft,  
28 breeding, dairy or sporting purposes, and held by such taxpayer for 24  
29 months or more from the date of acquisition; and (2) other livestock,  
30 regardless of age, held by the taxpayer for draft, breeding, dairy or  
31 sporting purposes, and held by such taxpayer for 12 months or more from  
32 the date of acquisition. The subtraction from federal adjusted gross income  
33 shall be limited to the amount of the additions recognized under the  
34 provisions of subsection (b)(xix) attributable to the business in which the  
35 livestock sold had been used. As used in this paragraph, the term  
36 "livestock" shall not include poultry.

37 (xxiii) For all taxable years beginning after December 31, 2012,  
38 amounts received under either the Overland Park, Kansas police  
39 department retirement plan or the Overland Park, Kansas fire department  
40 retirement plan, both as established by the city of Overland Park, pursuant  
41 to the city's home rule authority.

42 (xxiv) For taxable years beginning after December 31, 2013, and  
43 ending before January 1, 2017, the net gain from the sale from Christmas

1 trees grown in Kansas and held by the taxpayer for six years or more.

2 (d) There shall be added to or subtracted from federal adjusted gross  
3 income the taxpayer's share, as beneficiary of an estate or trust, of the  
4 Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and  
5 amendments thereto.

6 (e) The amount of modifications required to be made under this  
7 section by a partner which relates to items of income, gain, loss, deduction  
8 or credit of a partnership shall be determined under K.S.A. 79-32,131, and  
9 amendments thereto, to the extent that such items affect federal adjusted  
10 gross income of the partner.

11 (f) No taxpayer shall be assessed penalties and interest from the  
12 underpayment of taxes due to changes to this section that became law on  
13 July 1, 2017, so long as such underpayment is rectified on or before April  
14 17, 2018.

15 Sec. 22. K.S.A. 2016 Supp. 72-99a02, as amended by section 96 of  
16 chapter 95 of the 2017 Session Laws of Kansas and K.S.A. 2017 Supp. 72-  
17 1171, 72-4352, 72-4354, 72-4357, 72-5131, 72-5132, 72-5133, 72-5143,  
18 72-5144, 72-5145, 72-5148, 72-5149, 72-5150, 72-5151, 72-5153, 72-  
19 5155, 72-5171, 72-5172, 72-5176, 72-53,113, 72-53,116, 72-5461, 72-  
20 5462, 72-6463, 72-6464, 72-6465, 72-6466, 72-6467, 72-6468, 72-6469,  
21 72-6470, 72-6471, 72-6472, 72-6473, 72-6474, 72-6475, 72-6477, 72-  
22 6478, 72-6479, 72-6480, 72-6481, 79-32,117 and 79-32,117o are hereby  
23 repealed.

24 Sec. 23. This act shall take effect and be in force from and after its  
25 publication in the statute book.